MISLEADING AND DECEPTIVE MAILINGS TO SOCIAL SECURITY BENEFICIARIES

HEARING

BEFORE THE

SUBCOMMITTEE ON SOCIAL SECURITY

OF THE

COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES

ONE HUNDREDTH CONGRESS

FIRST SESSION

MARCH 10, 1987

Serial 100-2

Printed for the use of the Committee on Ways and Means

U.S. GOVERNMENT PRINTING OFFICE
73-574 WASHINGTON : 1987

For sale by the Superintendent of Documents, U.S. Government Printing Office
Washington, DC 20402

H781-19

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MISLEADING AND DECEPTIVE MAILINGS TO SOCIAL SECURITY BENEFICIARIES

TUESDAY, MARCH 10, 1987

House of Representatives,
Committee on Ways and Means,
Subcommittee on Social Security,
Washington, DC.

The subcommittee met, pursuant to notice, at 1:32 p.m., in room B-318, Rayburn House Office Building, Hon. Andy Jacobs, Jr., (chairman of the subcommittee) presiding.

[Press releases announcing the hearing and background material assembled by staff follow:]

FOR IMMEDIATE RELEASE
THURSDAY, FEBRUARY 12, 1987

SUBCOMMITTEE ON SOCIAL SECURITY #2
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
1102 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
TELEPHONE: (202) 225-3627

ANDY JACOBS, JR. (D., IND.), CHAIRMAN, SUBCOMMITTEE ON SOCIAL SECURITY, COMMITTEE ON WAYS AND MEANS, U.S. HOUSE OF REPRESENTATIVES, ANNOUNCES HEARING ON MISLEADING AND DECEPTIVE MAILINGS TO SOCIAL SECURITY BENEFICIARIES

Andy Jacobs, Jr. (D., Ind.), Chairman of the Subcommittee on Social Security, Committee on Ways and Means, U.S. House of Representatives, today announced that the Subcommittee will hold a hearing on misleading and deceptive mailings to social security beneficiaries and related practices. The hearing will be held on Wednesday, March 11, 1987, in room B-318 Rayburn House Office Building at beginning at 9:30 a.m. Testimony will be received only from Members of Congress and invited witnesses.

Mass mailing appeals to social security beneficiaries have increased dramatically in the last five years. Members of Congress and the Social Security Administration have received increasing numbers of complaints from beneficiaries and their families regarding these appeals.

Many of these mailings squeeze financial contributions from the elderly by raising unfounded fears that social security benefits will not be paid. They use inaccurate and misleading information about social security to enhance their fundraising and they leave social security recipients confused and frightened about the status of their benefits.

Other organizations offer services -- such as obtaining social security earnings records or a social security card -- in exchange for a fee. In fact, the Social Security Administration provides these services free of charge.

The Subcommittee will examine these and other practices which mislead and misinform social security beneficiaries. Of particular interest will be the financial accountability of the organizations to the public and the effectiveness of their legislative activities.

DETAILS FOR SUBMISSION OF REQUESTS TO BE HEARD:

It is requested that Members of Congress interested in presenting oral testimony before the Subcommittee submit their requests to be heard by telephone to Harriett Lawler [(202) 225-3627] no later than noon, Wednesday, March 4, 1987. The Subcommittee staff will notify Members by telephone of their scheduled appearances as soon as possible after the filing deadline. Any questions concerning the schedule should be directed to Subcommittee staff [(202) 225-9263].

In order to assure the most productive use of the limited amount of time available to question witnesses, witnesses scheduled to appear before the Subcommittee are required to submit 75 copies of their prepared statements to the Subcommittee office, room B-316 Rayburn House Office Building, at least 24 hours in advance of their scheduled appearance. Witnesses scheduled to present oral testimony are requested to briefly summarize their written statements in no more than five minutes. THIS FIVE-MINUTE RULE WILL BE STRICTLY APPLIED.

(OVER)

WRITTEN STATEMENT IN LIEU OF PERSONAL APPEARANCE:

Persons submitting a written statement in lieu of a personal appearance should submit six (6) copies of their statement by the close of business day of Wednesday, March 25, 1987, to Joseph K. Dowley, Chief Counsel, Committee on Ways and Means, U.S. House of Representatives, room 1102 Longworth House Office Building, Washington, D.C. 20515. If those filing a written statement for the record of the printed hearing wish to have their statement distributed to the press and the interested public at the hearing, they may provide 75 additional copies for this purpose to the Subcommittee office, room B-316 Rayburn House Office Building, during the course of the public hearing.

SEE ENCLOSED FORMATTING REQUIREMENTS.

**** NOTICE -- CHANGE IN DATE AND TIME ****

FOR IMMEDIATE RELEASE
TUESDAY, FEBRUARY 17, 1987

PR #2-REVISED
SUBCOMMITTEE ON SOCIAL SECURITY
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
1102 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
TELEPHONE: (202) 225-3627

ANDY JACOBS, JR. (D., IND.), CHAIRMAN, SUBCOMMITTEE ON SOCIAL SECURITY, COMMITTEE ON WAYS AND MEANS, U.S. HOUSE OF REPRESENTATIVES, ANNOUNCES A CHANGE IN SCHEDULE FOR THE HEARING ON MISLEADING AND DECEPTIVE MAILINGS TO SOCIAL SECURITY BENEFICIARIES

Andy Jacobs, Jr. (D., Ind.), Chairman of the Subcommittee on Social Security, Committee on Ways and Means, U.S. House of Representatives, announced today that the hearing on misleading and deceptive mailings to social security beneficiaries has been rescheduled for Tuesday, March 10, 1987, at 1:30 p.m. in room B-318 Rayburn House Office Building, instead of Wednesday, March 11, 1987, at 10:00 a.m.

All other details for the hearing remain the same (see press release #2, dated February 12, 1987).

######

FOR IMMEDIATE RELEASE
FRIDAY, MARCH 6, 1987

PR #3
SUBCOMMITTEE ON SOCIAL SECURITY
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
1102 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
TELEPHONE: (202) 225-9263

ANDY JACOBS, JR. (D., IND.), CHAIRMAN, SUBCOMMITTEE ON SOCIAL SECURITY, COMMITTEE ON WAYS AND MEANS, U.S. HOUSE OF REPRESENTATIVES, ANNOUNCES THAT ONLY ONE OF THE EIGHT DIRECT SOLICITATION GROUPS ASKED HAS AGREED TO APPEAR BEFORE THE SUBCOMMITTEE

Andy Jacobs, Jr. (D., Ind.), Chairman of the Subcommittee on Social Security, Committee on Ways and Means, U.S. House of Representatives, announced today that of eight organizations asked to testify at the Subcommittee's March 10, 1987, hearing on "Misleading and Deceptive Mailings to Social Security Beneficiaries," only one group has agreed to appear before the Subcommittee. The eight organizations asked to testify were chosen from a list of groups the Social Security Administration has identified as distributing misleading information to citizens in the social security system, or providing services for a fee that are provided by the government for free to such citizens.

Of the eight groups asked to testify, the only group that has agreed to appear is the National Committee to Preserve Social Security and Medicare. Of the remaining seven groups, two could not be found, and five have either declined to testify or did not respond to the Subcommittee's request. Further action with regard to the seven organizations not responding will be taken under advisement.

* * * * * * * * * * * *

ANDY JACOBS JR. INDIANA, CHAIRMAN
SUBCOMMITTEE ON SOCIAL SECURITY

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SAM M. GIBBONS, FLORIDA
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Ex Officio:
DAN ROSTENKOWSKI, ILLINOIS
JOHN J. DUNCAN, TENNESSEE

COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515
SUBCOMMITTEE ON SOCIAL SECURITY

DAN ROSTENKOWSKI, ILLINOIS, CHAIRMAN
COMMITTEE ON WAYS AND MEANS

JOSEPH K. DOWLEY, CHIEF COUNSEL
A.L. SINGLETON, MINORITY CHIEF OF STAFF

PATRICIA E. DILLEY, SUBCOMMITTEE STAFF DIRECTOR

March 6, 1987

MEMORANDUM:

TO: Members of the Subcommittee on Social Security

FROM: Patricia Dilley PD
Staff Director

SUBJECT: March 10 Subcommittee Hearing on Misleading and Deceptive Mailings to Social Security Beneficiaries

Attached are materials prepared by the Subcommittee staff as background for the hearing to be held on Tuesday, March 10th at 1:30 P.M., concerning misleading and deceptive mailings to social security beneficiaries and their families. The hearing will be held in room B-318 Rayburn House Office Building. The Subcommittee staff will be happy to answer any questions you or your staff may have about the hearing or the attached materials.

The Subcommittee asked eight organizations to testify at the March 10th hearing. The National Committee to Perserve Social Security and Medicare agreed to testify and has provided the information requested by the Subcommittee staff. Two other organizations - the Social Security Benefit Protection Service and the Federal Records Service - have indicated that they intend to provide in writing information requested by the Subcommittee. This information will be distributed to the members as soon as it is available.

Attachments

BACKGROUND ON THE NATIONAL COMMITTEE TO PRESERVE SOCIAL SECURITY AND MEDICARE

STRUCTURE

- The National Committee to Preserve Social Security (NCPSS) was established in 1983 as a tax-exempt 501(c)(4) organization permitting it to engage in lobbying. The National Committee to Preserve Social Security and Medicare (NCPSSM) was established as a 501(c)(3) charitable organization in 1983. Although the 501(c)(3) has generally been inactive, it lent its name to the preexisting organization.
- James Roosevelt serves as Chairman of the organization. Other officers include William Wewer, Director and Secretary; Kathleen Marquardt, Director; and Blanche Kelly, Treasurer. NCPSS was organized by Butcher Forde Consulting (BFC), a California-based direct mail firm. Roosevelt was a paid consultant to BFC in 1982 and 1983 receiving $35,000 for his services. William Wewer has provided legal counsel to BFC since 1977.

MAILINGS

- The mailings of the NCPSSM solicit an initial $10 annual membership in the organization. Frequent subsequent mailings solicit additional contributions.
- In 1985, NCPSSM sent 17 mailings (not including newsletters), 13 of which included solicitations of money. In 1986, there were 28 mailings; 22 contained solicitations. Non-fundraising mailings were 6 Legislative Alerts and a half dozen newsletters. One of the recent NCPSSM mailings went to one in five households in the U.S.
- A list of questionable or misleading statements included in NCPSSM mailings is attached (see attachment #1). The worst of these was sent in 1985 as an URGENT-ACTION-GRAM. It declared that NCPSSM had to raise $250,000 immediately to support legislative and legal action to restore all money taken from the social security trust fund. "Lawyers must be hired and lawsuits prepared" the ACTION-GRAM said. While the Chairman of the Subcommittee on Social Security, other Members of Congress, and several senior citizen organizations brought a lawsuit before the ACTION-GRAM was mailed, NCPSSM never filed any legal action.

PREPARED BY THE STAFF OF THE
SUBCOMMITTEE ON SOCIAL SECURITY
COMMITTEE ON WAYS AND MEANS

FINANCES

- According to the Internal Revenue Service Form 990 which is required to be submitted by tax-exempt organizations, the income of NCPSSM has increased dramatically since its creation. (See attachment #2 for more detail.)

1983	$ 1.7 million
1984	$ 9.8 million
1985	$29.5 million
1986	$30.0 million (estimate)

- Although NCPSSM received contributions in 1983 of almost $2 million, the organization did not register to lobby until the spring of 1984. The reports filed with the Clerk of the House show the following lobbying expenditures (see attachment #3 for more detail):

1983	0
1984	$0.8 million
1985	$2.5 million
1986	$3.0 million

ALLOCATION OF EXPENSES

- The NCPSSM Price-Waterhouse audit for 1983 showed that 97 percent of NCPSSM expenditures were for direct mail. By 1984, NCPSSM had begun to do content analysis of fundraising letters based on the "percentage of material in each mailing relating to the particular program and support services." This analysis offered the following breakdown of direct mail and postage costs for 1984:

Education	41%
Legislation	29%
Research	1%
Fundraising	25%
Other Administrative Costs	4%

- The IRS Form 990 shows a breakdown of expenses similar to that in the audit. In addition, however, the Form 990 breaks out expenses by functional category. A functional breakdown shows that, in 1985, the NCPSSM spent 88 percent of its funds on mailing costs and only 1 percent on salaries for lobbyists. (See attachment #4.)

PAYMENTS TO OFFICERS

- The Price-Waterhouse audit shows the amount of money paid by NCPSSM to its own officers. None of the officers received payment for their services as officers, except Roosevelt who received $60,000 in 1986. In nearly every year, William Wewer received payment for legal services and Kelly Consultants received money for mail processing services. The amounts received by these individuals were:

1983	$0.2 million
1984	$1.2 million
1985	$1.5 million

- Butcher Forde Consulting has a 19 year contract with the NCPSSM to manage all of the organization's direct mail operations. Under the contract BFC receives $.05 per letter and 15 percent of the "gross amount billed by outside suppliers and independent contractors which have been retained by BFC." The NCPSSM has said that their most recent mailing went to 20 million households. At $.05 a letter, BFC made $1 million on just one mailing exclusive of the 15 percent add-on. If BFC received $.05 for 70 million of the 88 million NCPSSM mailings in 1986, their income would have been $3.5 million.

DEPARTMENT OF JUSTICE

- The Department of Justice is reponsible for enforcing the statute prohibiting the misuse of the Great Seal of the U.S. In May, 1984, the Justice Department requested that the NCPSSM cease using the Great Seal of the U.S. on its mailings. The NCPSSM subsequently altered the seal used on its stationary to reverse the head of the eagle and change several details in the seal.

POSTAL INSPECTOR

- The U.S. Postal Inspector is responsible for enforcing the mail fraud and false representation statute. In 1983, after several complaints from the public, the Postal Inspector began investigating NCPSSM mailings. While there did not appear to be justification for beginning a legal action, the Postal Inspector has requested that NCPSSM alter several of its mailings. NCPSSM has apparently complied with most of these requests including altering its envelopes. Envelopes which previously said IMPORTANT SOCIAL SOCIAL SECURITY DOCUMENTS ENCLOSED now say IMPORTANT NATIONAL COMMITTEE DOCUMENTS ENCLOSED.

POLITICAL ACTION COMMITTEE

- In 1983, NCPSSM formed a political action committee. NCPSSM-PAC receipts in 1986 were $5.2 million. (See attachment #5 for more details.) It made contributions to candidates of $0.7 million - 14 percent of receipts - and independent expenditures of $1.9 million. Operating expenses of the PAC were $3.1 million - 58 percent of receipts. Filings with the Federal Elections Commission show that the PAC uses most of the same suppliers of services as the NCPSSM including William Wewer, Kelly Consultants and Butcher Forde Consulting.

REAL ESTATE

- The most recent mailing of the NCPSSM requests contributions of $10, $15, $25 or more from the elderly to build the Franklin Delano Roosevelt Memorial Social Security and Medicare Building in Washington, D.C. The building will be an office building for NCPSSM. With this mailing, NCPSSM is trying to raise $2.8 million for a down payment on the building. A dollar bill is enclosed and the recipient is asked to return it along with a contribution. By returning the dollar, the donor will presumably be earmarking current NCPSSM funds for use in building the real estate.

Attachments

ATTACHMENT #1

INACCURATE AND MISLEADING STATEMENTS OF THE NATIONAL COMMITTEE TO PRESERVE SOCIAL SECURITY AND MEDICARE

I. INACCURATE STATEMENTS

- February, 1983

STATEMENT:

Persons sending a $10 annual membership were promised "a regular newsletter" and a Legislative Alert Service to "immediately advise you, by telegram or letter, of fast breaking developments in Washington . . ."

FACT:

While the NCPSSM raised $1.7 million in 1983, the first newsletter did not come out until June, 1984. In a May 2, 1984 letter to Chairman J.J. Pickle, James Roosevelt said, "we are producing our first newsletter . . ." Similarly, contributors did not begin receiving information on legislation until the Spring of 1984. A formal Legislative Alert Service was not established until much later.

- November, 1983

STATEMENT:

"The Medicare Fund has borrowed $12,400,000,000.00 ($12.4 Billion dollars!) from the Social Security Fund. Medicare is in so much trouble it has been unable to even pay the interest on this loan! This debt endangers both Social Security and Medicare!"

FACT:

The medicare trust fund did not borrow from the social security trust fund; it was the other way around. Neither fund was endangered by this temporary loan.

- March, 1984

STATEMENT:

In a solicitation, "And, most importantly, you will be helping to make it possible to continue our work here in The Capitol to protect, defend and improve the Social Security and Medicare Programs."

FACT:

The NCPSSM could not have continued its work in the Capitol since it had not hired lobbyists and did not register to lobby until April, 1984. (NCPSSM members had been asked to mail petitions to Congress in November, 1983.)

* Spring, 1984

STATEMENT:

In the NCPSSM's Social Security News Chairman's Report, Roosevelt stated, "I have put my entire staff onto the notch year issue."

FACT:

When the newsletter was issued, the NCPSSM had virtually no staff, and Jim Corman had just been hired to lobby for the NCPSSM.

* November, 1985

STATEMENT:

In an URGENT-ACTION-GRAM the NCPSSM told it members that it had to raise "$250,000 immediately to support legislative and legal action to restore all money taken from social security trust fund monies." The ACTION-GRAM went on to say, "Lawyers must be hired and lawsuits prepared."

FACT:

While Chairman of the Subcommittee on Social Security James R. Jones, other Members of Congress, and several senior organizations including the American Association of Retired Persons brought a lawsuit before the ACTION-GRAM was mailed, the NCPSSM never filed any legal action.

II. MISLEADING STATEMENTS

* February, 1983

STATEMENT:

Contributors were offered a "FREE personal confidential computer analysis of your Social Security Account status - according to official government records."

FACT:

Prospective contributors were led to believe that they would receive something more than the earnings record which they could obtain free from the Social Security Administration.

* November, 1983

STATEMENT:

"Just recently, the National Commission on Social Security suggested taxing Social Security as ordinary income! Another proposal would increase the minimum age for receiving Social Security to 68."

FACT:

The National Commission on Social Security Reform recommended taxing benefits in January, 1983. Increasing the retirement age to 68 was among the proposals discussed. This NCPSSM statement was mailed out 6 months after enactment of the Social Security Amendments of 1983 which resolved these issues.

* Spring, 1984

STATEMENT:

One of the first NCPSSM newsletters listed "Projects and Accomplishments." Under the heading "Forums and Speeches" was "Blue Ribbon panel report on Bailout Bill."

FACT:

There was no forum. The report was created by cutting and pasting comments and past testimony of former Commissioner of Social Security Bob Ball, former Chief Actuary Robert Myers, and others into a format that appeared to be the give-and-take of an actual forum.

* Fall, 1984

STATEMENT:

"Last year, six months of our cost-of-living increases were deleted. This loss equaled 2.4% of each Social Security recipient's income. Then came a ridiculous law that suspends cost-of-living increases entirely if inflation falls below 3.0%.

FACT:

The last sentence implies that the Congress passed a law in 1984 to deny the COLA. In fact, the 3% COLA trigger was placed in the law in 1972 and would not have eliminated a COLA but simply delayed it a year. Further, the letter went out after the Senate had already overwhelmingly passed legislation to guarantee that a COLA would be paid in 1985.

* 1986

STATEMENT:

In a mailing about the Treasury's disinvestment of the Trust Fund, the NCPSSM said, "Fortunately, thanks to your past support, the National Committee acted. After intense lobbying pressure, Congress returned the Trust Fund's assets."

FACT:

According to NCPSSM's report to the Clerk of the House, the organization mailed out Legislative Alerts to its members on November 8, 1985 to generate letters and phone calls to Members of Congress on restoring trust fund assets and issued 3 press releases in November and December. While the final Gramm-Rudman-Hollings legislation containing the provision restoring assets did not become law until early December, 1985, the restorative provision had already passed the House as a part of debt limit legislation on November 1 - seven days before the NCPSSM Legislative Alert was mailed. There was never any doubt that this provision would be enacted.

ATTACHMENT #2

NATIONAL COMMITTEE TO PRESERVE SOCIAL SECURITY AND MEDICARE
INTERNAL REVENUE SERVICE FORM 990 FOR A 501(C)(4)

(in dollars)

	1983	1984	1985	1986
Membership Dues	1,707,535	9,818,640	29,489,805	*
TOTAL REVENUE	1,707,535	9,818,640	29,303,364**	*
EXPENSES BY FUNCTION				
Postage and Printing	1,425,994 (84%)	8,119,616 (84%)	21,662,722 (88%)	*
Legal Fees	61,675 (4%)	186,185 (2%)	196,546 (1%)	*
Salaries	0 (0%)	98,198 (1%)	206,039 (1%)	*
Other	204,831 (12%)	1,299,876 (13%)	2,735,231 (11%)	*
TOTAL EXPENSES	1,692,500 (100%)	9,703,875 (100%)	24,570,202 (100%)	*
EXPENSES BY ALLOCATION				
Program Services	1,163,017 (69%)	6,940,492 (72%)	15,716,861 (64%)	*
Legislative Advocacy	435,971	3,444,390	9,372,497	*
Educational Material and Newsletters	696,394	3,202,812	6,176,138	*
Research Projects	30,652	293,290	10,229	*
Management and Fundraising	529,483 (31%)	2,763,383 (28%)	8,853,341 (36%)	*
TOTAL EXPENSES	1,692,500 (100%)	9,703,875 (100%)	24,570,202 (100%)	*

* Not available.
** Total revenues are less than membership dues because of losses.

ATTACHMENT #3

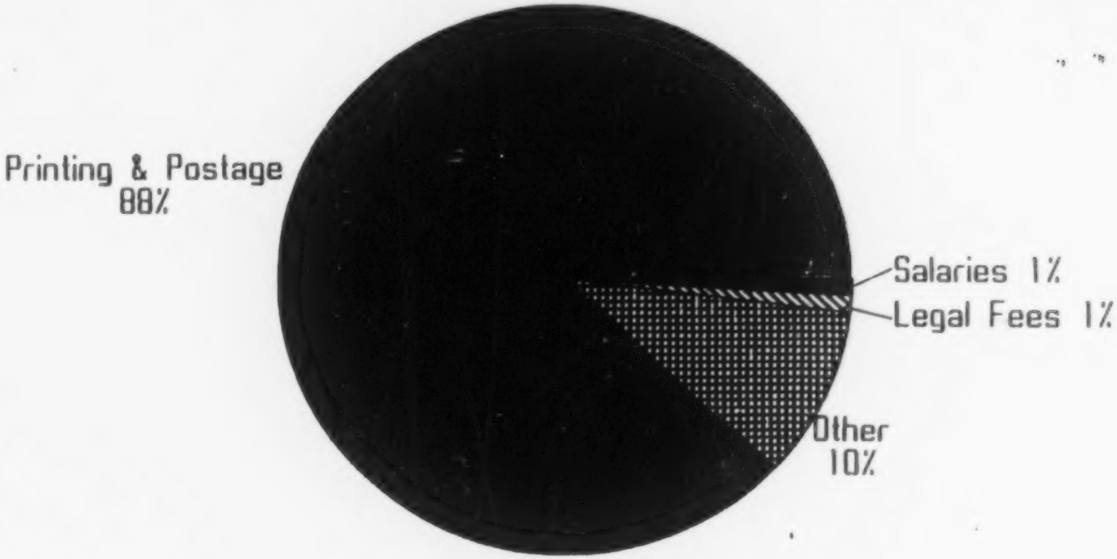
NATIONAL COMMITTEE TO PRESERVE SOCIAL SECURITY AND MEDICARE LOBBYING ACT REPORTS FILED WITH THE CLERK OF THE HOUSE*

(in dollars)

	1983	1984	1985	1986
Membership Dues	0	807,002	2,482,191	3,011,411
TOTAL REVENUES	0	807,002	2,482,191	3,011,411
Salaries	0	52,905 (7%)	100,201 (4%)	220,210 (7%)
Printed Matter	0	722,295 (89%)	2,371,386 (95%)	2,791,202 (93%)
Other	0	31,799 (4%)	10,604 (1%)	0 (0%)
TOTAL EXPENSES	0	806,999	2,482,191	3,011,411

* Report includes only revenue and expenses attributed to lobbying.

Functional Expenses of the National Committee to Preserve Social Security and Medicare



Source: 1985 I.R.S. Form 990

ATTACHMENT # 4

ATTACHMENT #5

NATIONAL COMMITTEE TO PRESERVE SOCIAL SECURITY AND MEDICARE-PAC FEDERAL ELECTION'S COMMISSION REPORTS

(in dollars)

	1983	1984	1985	1986
TOTAL RECEIPTS	108,951	2,436,004	949,584	5,251,834
Operating Expenses	13,383	1,465,234	*	3,059,279
Contributions to Candidates	0	718,550	*	718,700
Independent Expenditures	0	203,113	*	1,931,706
TOTAL EXPENSES	13,583	624,974	474,240	5,715,327

* Not available.

The Subcommittee wrote to the following organizations asking for information regarding their mailings and finances. Responses were received by the Subcommittee from only the first three organizations listed. The Committee's letter and the response of the first two organizations follow. The letter and response of the third organization appears following the organization's testimony.

SOCIAL SECURITY MASS MAILING GROUPS

1. The Social Security Benefit Protection Service
   William C. Wampler, President
   Capitol Hill Office Building
   412 First Street, S.E.
   Washington, D.C. 20003

   202-484-2773

2. Social Security Protection Bureau
   P. D. Morris, Program Director
   Washington, D.C. 20069

   202-429-0177

3. National Committee to Preserve Social Security and Medicare
   James Roosevelt, Chairman
   1300 - 19th Street, N.W.
   Washington, D.C. 20036

   202-822-9459

4. Federal Document Service
   2025 "I" Street, N.W.
   Suite 106
   Washington, D.C. 20006

5. Federal Records Service
   2021 "L" Street, N.W.
   Suite 250
   Washington, D.C. 20036

   202-659-5614

6. The National Social Security Verification Administration
   1377 "K" Street, N.W.
   Suite 865
   Washington, D.C. 20005

7. Plastic Card Center
   Box 11627
   Baltimore, Maryland 21229

8. Social Security Monitoring Service, Inc.
   P.O. Box 5319
   FDR Station
   New York, New York 10150

   212-713-0573

ANDY JACOBS, JR., INDIANA, CHAIRMAN
SUBCOMMITTEE ON SOCIAL SECURITY

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Ex Officio:
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JOHN J. DUNCAN, TENNESSEE

COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515
SUBCOMMITTEE ON SOCIAL SECURITY

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A.L. SINGLETON, MINORITY CHIEF OF STAFF

PATRICIA E. DILLEY, SUBCOMMITTEE STAFF DIRECTOR

February 20, 1987

William C. Wampler
Meyers and White
412 First Street S.E.
Washington, D.C. 20003

Dear Mr. Wampler:

On March 10, 1987, the Ways and Means Subcommittee on Social Security will hold a hearing on mass mailings which solicit money from social security beneficiaries and their families. The Subcommittee intends to investigate mailings which include misleading information about social security and mailings which offer for a charge a service which the Social Security Administration provides free.

One of the organizations which has been brought to our attention by the Social Security Administration and several Members of Congress is the Social Security Benefit Protection Service. We would appreciate having more information about the organization. We hope that you, as the President of the organization during most of its operation, would answer these questions for the Subcommittee.

1. When was the organization founded? How many mailings did it send? Has it ceased soliciting membership? If so, on what date did it cease?

2. Was there a toll-free line established to provide the services offered in the mailings? When did the telephone services begin? Is the toll-free line still in operation? If not, when did it cease operation?

3. What was the organization's income in 1986? What were its expenses?

4. How many members did the organization have 1986? Were members who were not satisfied with the services offered a refund? If so, may refunds still be obtained?

The answers to these questions would help us to discharge our duties. It would be helpful if you could provide the information to us by the first week in March. In addition, we invite you or a representative of the organization to testify in person or in writing before the Subcommittee.

Thank you for your kind attention.

Sincerely,

Andy Jacobs Jr.

AJ:sc

HERGE, SPARKS, CHRISTOPHER & BIONDI
ATTORNEYS AT LAW
SUITE 200
8201 GREENSBORO DRIVE
McLEAN, VIRGINIA 22102

J. CURTIS HERGE
ROBERT R. SPARKS, JR.
A. MARK CHRISTOPHER
GEORGE V. BIONDI

DONNA LYNN MILLER

(703) 848-4700

March 6, 1987

Miss Sandy Wise
Subcommittee on Social Security
1101 Longworth Building
Washington, D.C. 20515

Re: Social Security Benefit Protection Service

Dear Miss Wise:

On behalf of Social Security Benefit Protection Service, (hereinafter referred to as "SSBPS"), this letter is in response to your request, dated February 20, 1987, for information concerning the operations of SSBPS. Although your request was addressed to Mr. William Wampler, he is no longer associated with SSBPS as of October 28, 1986.

1. The organization was incorporated under the District of Columbia Nonprofit Corporation Act on November 7, 1985. SSBPS sent seven mailings concerning the organization with a total of approximately 625,000 pieces mailed beginning in February of 1986 and ending in early August of that same year. SSBPS's last mailing was on August 4, 1986. There were limited response mailings sent by SSBPS in September and October of 1986. However, as of October 28, 1986, the organization has discontinued its activities.

2. There was a toll free number established by SSBPS in June of 1986. The toll free number was active for approximately sixty to ninety days and was discontinued on October 28, 1986.

3. SSBPS's receipts for the period November 7, 1985 to December 31, 1986 was $118,586.40. The expenses for that same period were $215,953.80.

Miss Sandy Wise
March 6, 1987
Page Two

4. SSBPS had approximately 8,355 members in 1986. Upon request, the organization refunded money received from members. Since October 28, 1986, all correspondence and checks received by SSBPS have been returned to the addressees.

I hope this information is sufficient for your purposes.

Sincerely,

Donna Lynn Miller

Donna Lynn Miller
Counsel to Social Security
Benefit Protection Service

DLM:mjs

ONE HUNDREDTH CONGRESS
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A L SINGLETON MINORITY CHIEF OF STAFF

COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515

February 19, 1987

Mr. P. D. Morris
Program Director
Social Security Protection Bureau
Washington, D.C. 20069

Dear Mr. Morris:

The Subcommittee on Social Security of the Committee on Ways and Means will hold a public hearing on misleading and deceptive mailings to social security beneficiaries. The Subcommittee will also be looking at organizations which offer for a charge a service which the Social Security Administration provides free. The hearing will be held on Tuesday, March 10, 1987. For your information, I am enclosing a copy of the press release announcing the hearing.

The purpose of this letter is to invite you formally to appear before the Subcommittee on Tuesday, March 10, 1987, at 2:00 p.m., in room B-318 of the Rayburn House Office Building.

Regardless of whether you testify, the Subcommittee would like you to provide the following information: 1) Your tax status, 2) a statement of your income and expenses for the last two years, and 3) copies of your mailings for that same period. Information should be provided to the Subcommittee on Social Security, 1102 Longworth House Office Building, Washington, D.C. 20515.

If you wish to testify in person, you should deliver 100 copies of your prepared statement to the Subcommittee's office in room B-316 of the Rayburn House Office Building, at least 24 hours in advance of the hearing. If you have any questions concerning this matter, please feel free to contact me.

Sincerely yours,

Joseph K. Dowley
Chief Counsel

JKD/wj
Enclosure

FOR THE RECORD.

LAW OFFICES
ROSE, SCHMIDT, CHAPMAN, DUFF & HASLEY
INTERNATIONAL SQUARE
1825 EYE STREET, N.W.
WASHINGTON, DC 20006-5486
TELEPHONE (202) 293-8600
CABLE ADDRESS
"TRANSLEX"
TELEX NUMBER 89-2756

PITTSBURGH, PA
HARRISBURG, PA
WASHINGTON, PA
MORGANTOWN, WV

WASHINGTON, DC
DETROIT, MI
ANN ARBOR, MI
SAN JUAN, PR

WRITER'S NO. (202) 293-8720

COMMITTEE ON
MAR 30 1987
WAYS AND MEANS

March 24, 1987

Joseph K. Dowley, Esquire
Chief Counsel
Committee on Ways & Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20414

Re: Mailings to Social Security Beneficiaries

Dear Mr. Dowley:

This is in further regard to your letter of February 19, 1987, addressed to the Social Security Protection Bureau. In that letter, you asked the SSPB to provide certain information prior to the close of business on March 25, 1987.

Please be advised as follows:

1. SSPB is a trade name owned by the WAHU Corporation, a Delaware corporation, with its principle place of business at 510 King Street, Alexandria, Virginia 22314. WAHU Corporation is a for-profit entity subject to Federal income taxes;

2. WAHU commenced operations in June of 1986. A balance sheet and accrual income statement for the year ending December 31, 1986 are enclosed;

3. Copies of SSPB's solicitation material and fulfillment kit are enclosed for your information.

We trust this meets with your request. If you require anything further, please contact the undersigned.

Sincerely,

Michael G. Kushnick
Counsel for WAHU Corporation

MGK/tj
Enclosures

WAHU

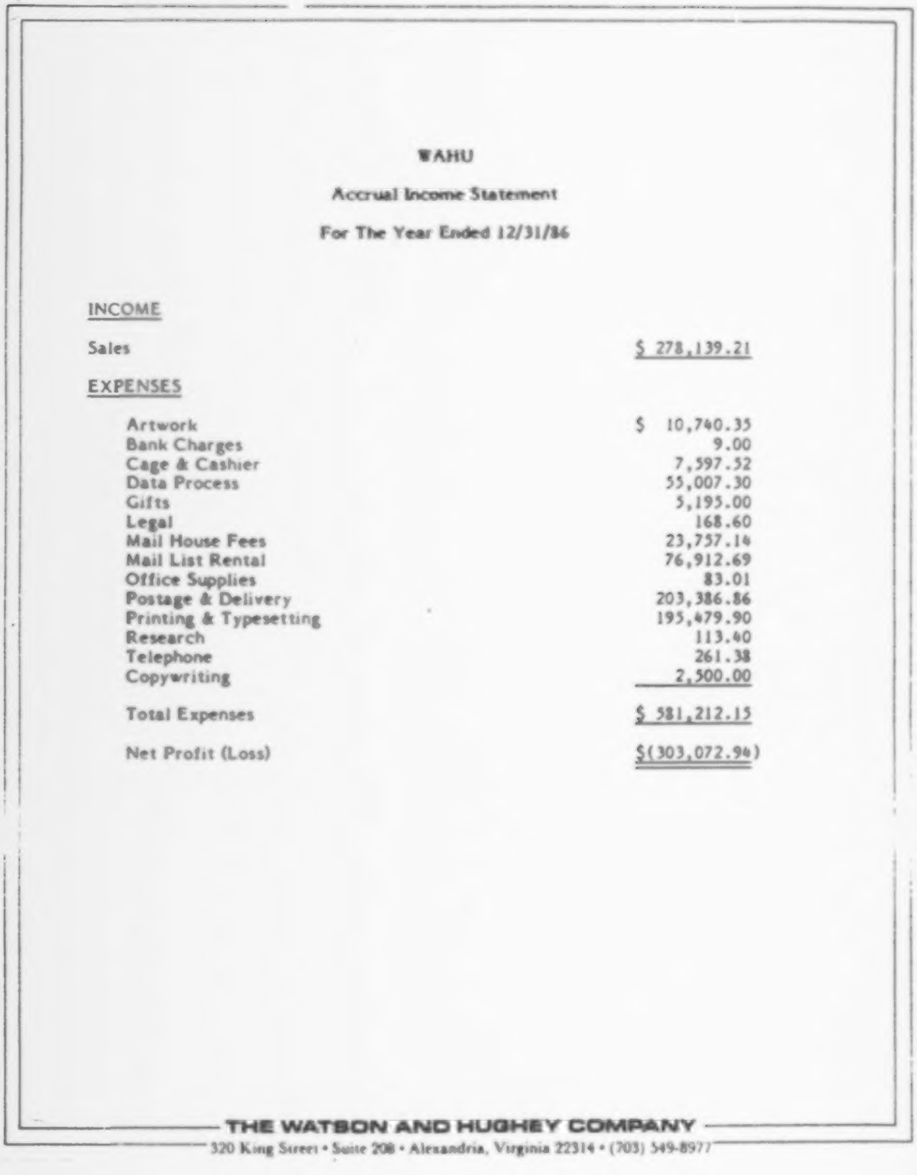
Accrual Balance Sheet

Year End 12/31/86

ASSETS	
Cash SSPB	$ 1,916.00
LIABILITIES	
Accounts Payable	$204,988.94
Notes Payable - Hughey	100,000.00
CAPITAL	
Net Profit (Loss)	(303,072.94)
Total Liabilities & Capital	$ 1,916.00

THE WATSON AND HUGHEY COMPANY

320 King Street • Suite 208 • Alexandria, Virginia 22314 • (703) 549-8977



WAHU

Accrual Income Statement

For The Year Ended 12/31/86

INCOME	
Sales	$ 278,139.21
EXPENSES	
Artwork	$ 10,740.35
Bank Charges	9.00
Cage & Cashier	7,597.52
Data Process	55,007.30
Gifts	5,195.00
Legal	168.60
Mail House Fees	23,757.14
Mail List Rental	76,912.69
Office Supplies	83.01
Postage & Delivery	203,386.86
Printing & Typesetting	195,479.90
Research	113.40
Telephone	261.38
Copywriting	2,500.00
Total Expenses	$ 581,212.15
Net Profit (Loss)	$(303,072.94)

THE WATSON AND HUGHEY COMPANY
320 King Street • Suite 208 • Alexandria, Virginia 22314 • (703) 549-8977

Chairman JACOBS. Our hearing will begin on the subject of mail order solicitations of Social Security beneficiaries.

Our first witnesses are our colleagues, Ms. Kaptur from Ohio, and Congressman Green from New York.

Marcy, please proceed.

STATEMENT OF HON. MARCY KAPTUR, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Ms. KAPTUR. Thank you, Mr. Chairman and Mr. Archer.

I commend you for calling this hearing to investigate misleading and deceptive direct mail solicitations to Social Security beneficiaries. I am testifying today out of my strong conviction that everyday elderly Americans are being bilked out of hard-earned retirement dollars by clever organizations falsely claiming to be advocates for seniors.

These organizations prey on some of the most deeply held fears seniors have about their retirement security and these shoddy organizations do it through the U.S. mails. It's time to cut the lifeline of these groups which have built sizable financial war chests by exploiting the fears and anxieties of the elderly.

One group in particular, although there are more and more being cloned, the National Committee to Preserve Social Security and Medicare, deserves special examination. Through clever mailing tactics that engender fears about losing Social Security and Medicare, as well as by invoking on each page of their mailings the names of well-known elected officials, such as myself and other colleagues, this organization has raised $75 million from seniors throughout the Nation over the last 3 years.

In fact, its skyrocketing direct mail campaign has doubled the money in its coffers each year, from $9 million in 1984, to over $25 million in 1985, to nearly $40 million in 1986. From my observation, the only thing this organization does with the money it raises is provide Social Security recipients with information that is already available to them free of charge from the Federal Government, or jump on the bandwagon of congressional legislation already introduced.

The group claims it lobbies Members of Congress. It has never lobbied me, despite its thousands of mailings into my district. In fact, it took me over 6 months to get the top officials of the organization, some of whom are in this room today, into my office to confront them with the anxieties they were causing among seniors in my district because of their mailings.

From independent analyses done about this group, of some $2.5 million reportedly spent on lobbying efforts in 1985, 96 percent of that money went for direct mail expenses, and not for legitimate congressional lobbying and advocacy activities. The primary recipient of these funds has been the Butcher-Forde Consulting Co.

As the numbers show, this group's slick, deceptive, direct mail strategy is highly effective. They send official Government-like letters which we are submitting for the record, scaring seniors into believing that they must contribute in order to protect their Social Security and Medicare.

This is a typical mailing. This one came to my mother. It says, "Urgent: Important Social Security and Medicare Information Enclosed." The return address looks very much like a Government mailing. It says, "National Administration Office, Washington, D.C.," et cetera.

These kinds of mailings scare seniors into believing that they must make contributions in order to continue receiving benefits. Let me quote from one very concerned constituent who wrote me about such a national committee mailing. "The letter implies that we may lose Social Security and Medicare if we are not represented by such a committee."

This is a cruel hoax, one that we in Congress must stop. Each time my district is inundated by the national committee's latest mailing, my office receives distressed calls from frightened and confused seniors wondering whether or not their next Social Security check will be delivered or their next hospital visit will be covered by Medicare.

The directors of my district's senior centers and nutrition sites have described to me in painstaking detail the anxiety and uncertainty brought on by these mailings. Believing that he was helping save Social Security and Medicare, one constituent of mine—and you have these in my supplementary materials—contributed more than $250 in 15 separate checks to this organization after receiving over 15 solicitations in a little more than a year's time.

Other constituents have mailed checks to me personally, believing that I was soliciting the funds in order to protect Social Security and Medicare, since my name was listed on every page of their mailings. Another woman wrote to me on behalf of her 79-year-old mother who had received an offer to purchase the National Committee's life insurance. Printed in capital block letters on the mailing were the words, "premium notice," leading her mother to believe that she had ordered this insurance and was being billed for it.

Another distraught woman, also from my district, told me of a mailing from the Roosevelt group to her husband, indicating that he recently signed a petition on behalf of the organization. Her husband had been deceased for 11 years.

Mr. Chairman, I could recount for you dozens of other instances of elderly people who have been misled or confused by the National Committee to Preserve Social Security and Medicare. No other seniors organization has ever caused this kind of chaos in my district, and I hope that this hearing will help educate older Americans about the practices of this organization and others like it.

More importantly, this hearing should serve notice on organizations like the James Roosevelt group, that the U.S. Congress knows what they've been doing to the elderly, and we are going to make them clean up their act.

To that end, I call your attention to a bill recently introduced by Congresswoman Olympia Snowe, of which I am a cosponsor. This legislation, H.R. 939, would require that organizations offering services provided free of charge from the government print a disclaimer on the outside of their mailings to that effect. It would also require that materials issued by such organizations which use insignia, terms, or seals which imply a Federal Government connection, would have to indicate on the face of those materials, "This product or service has not been approved or endorsed by the Federal Government and this offer is not being made by an agency of the Federal Government."

I would suggest that the U.S. Postal Service be granted authority to design and approve a standardized disclaimer for such nongovernmental mailings to assure that the notification is clearly readable and visible. It should be large and placed near the postal stamp.

May I point out to you a typical return address for another one of these groups. This particular one calls itself the Social Security Benefit Protection Service, its return mailing address, Capitol Hill Office Building, Washington, DC, and on the back, as many of them do, it includes a notice: "Buy and hold U.S. Savings Bonds."

The envelope, in fact the one from the National Committee, as well as this other organization, looks like a Government issue, and this is the type of activity that we must stop.

I also commend Congressman Stark, with the full committee, for introducing last year, his Truth in Solicitation and Receipt of Charitable Contributions Act. This measure would have ensured that organizations such as this pay out at least half of their gross revenues for legitimate educational and advocacy activities, not more fund raising. It would also have required certain financial disclosures with each solicitation.

Though there were certain modifications to make the bill workable, it provided a good start.

Finally, Mr. Chairman and members of the committee, I would ask your leadership in working with all Members of Congress testifying before this committee to draft a resolution that can pass the House which will warn seniors of tactics of groups like this National Committee. It should put seniors on notice that they do not have to contribute in order to protect their Social Security and Medicare benefits.

Consumer scams are nothing new in America. What makes this one so dangerous is its effectiveness and its victims.

Thank you for providing me this opportunity to submit my testimony. I have provided the Committee copies of the letters referenced in my statement, and would be happy to answer any questions you and other Members might have.

Our seniors deserve better treatment. Your leadership is essential. The seniors of America lay their case before you and the members of your committee for disposition.

[Attachments to the statement of Congresswoman Kaptur follow:]

2-24-'86
Holland, O.

Congresswoman Marcy Kaptur,
1630 Longworth H.O.B.
Washington D.C. 20515

FEB 27 1986

Dear Honorable Marcy:

I have been contacted twice by the "National Committee to Preserve Social Security and Medicare" and supported by James Roosevelt.

The letter implicates we may lose Social Security and Medicare if we are not represented by such a committee.

My question is "why do we need this when we have our Congress to support us plus our AARP's organization"? Would you also give me your personal evaluation and true meaning of this committee?

I thank you for any clarifacation.

Sincerely,
Theodore [redacted]
[redacted],
Holland, Ohio
43528

Feb. 25-1986

MAR 13 1986

Dear Marcy Kaptur -

I'll introduce myself first - I am Louise G. [redacted] - Toledo. always have worked on any events held anywhere to help keep you in Congress. I appreciate the work you do for the senior citizens so much as I am of that group at age 72 - -

A few days ago this came in the mail to my home -

Mr. Frank C. [redacted] has been deceased 11 years and how in the world could he have signed such a petition? I think something should be done about such falsehood! -

Very truly yours -

Louise G. [redacted]

JAMES ROOSEVELT
United States Congressman (Retired)
Washington, D.C.

JAMES ROOSEVELT
United States Congressman (Retired)
Washington, D.C.

Enclosed find Certified Petition Number:
43614 FCKR257F MH078
Please check your Petition to be certain
that your Certification Number is correct

FRANK C [redacted]
[redacted]
TOLEDO, OH 43614

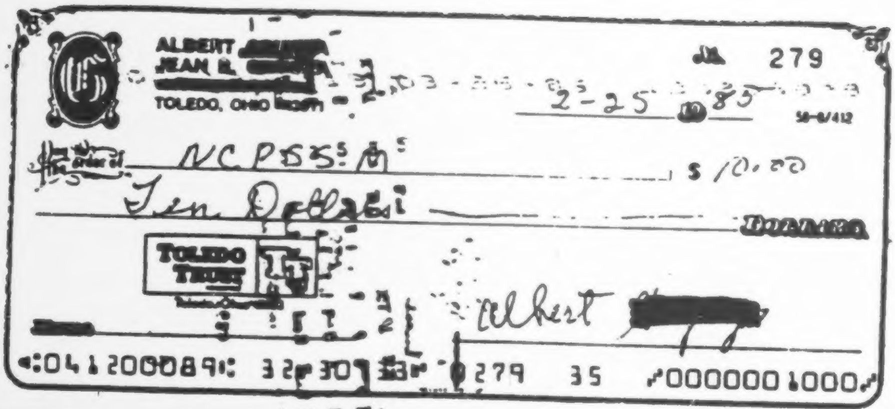
DEAR FRANK C [redacted]:

Recently you signed a Petition to:

SENATOR JOHN HERSCHEL GLENN JR.
SENATOR HOWARD M. METZENBAUM
CONGRESSWOMAN MARCY KAPTUR

Your Petition called on Congress not to enact any legislation which would reduce or eliminate Social Security or Medicare benefits.

Your Petition was one of 2,107,362 returned from all fifty states. And on July 9, I personally delivered these Petitions to key leaders in the U.S. Senate and House of Representatives. Then, only hours later, the White House changed its mind and agreed not to push for a freeze on our COLA (cost-of-living adjustment).



ALBERT [redacted]
JEAN B. [redacted]
[redacted]
TOLEDO, OHIO [redacted]

279

2-25 19 85

58-6/412

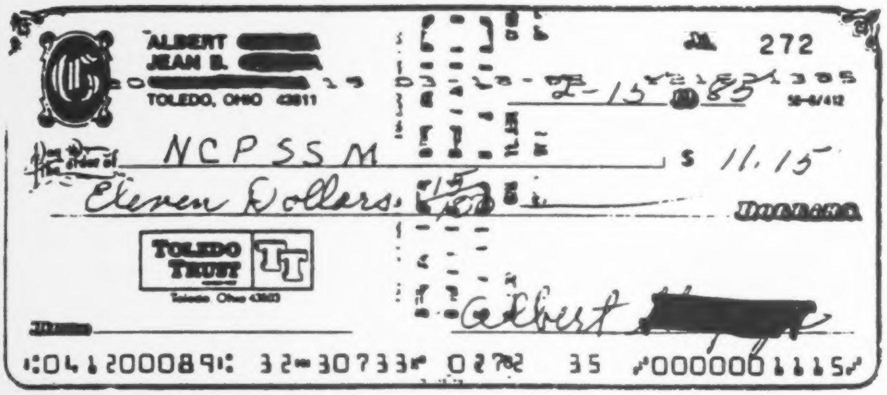
Pay to the order of NCPSSM $ 10.00

Ten Dollars DOLLARS

TOLEDO TRUST

Albert [redacted]

⑆041200089⑆ 32=30733⑈ 0279 35 ⑈0000001000⑈



ALBERT [redacted]
JEAN B. [redacted]
[redacted]
TOLEDO, OHIO 43611

272

2-15 19 85

58-6/412

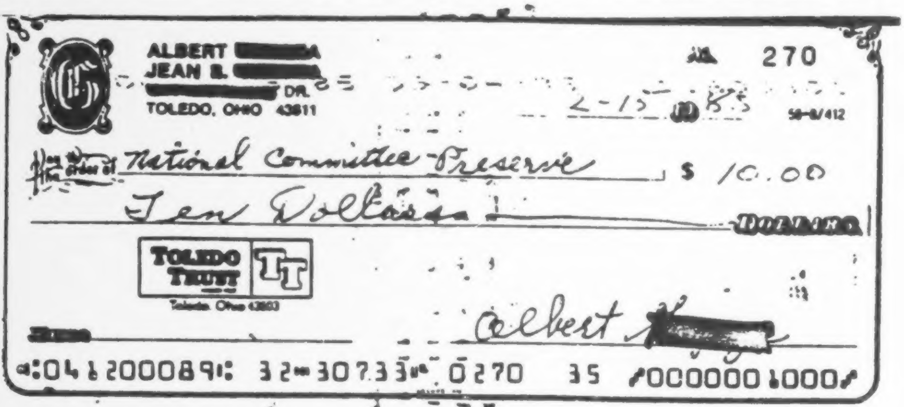
Pay to the order of NCPSSM $ 11.15

Eleven Dollars 15/100 DOLLARS

TOLEDO TRUST
Toledo, Ohio 43603

Albert [redacted]

⑆041200089⑆ 32=30733⑈ 0272 35 ⑈0000001115⑈



ALBERT [redacted]
JEAN B. [redacted]
[redacted] DR.
TOLEDO, OHIO 43611

270

2-15 19 85

58-6/412

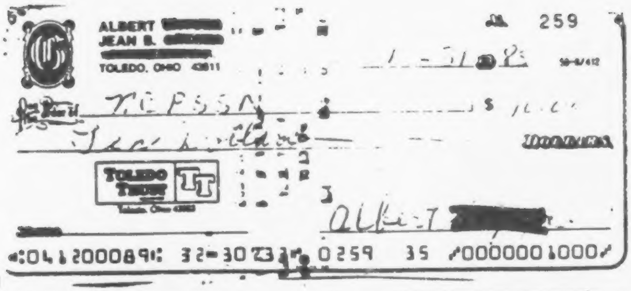
Pay to the order of National Committee Preserve $ 10.00

Ten Dollars DOLLARS

TOLEDO TRUST
Toledo, Ohio 43603

Albert [redacted]

⑆041200089⑆ 32=30733⑈ 0270 35 ⑈0000001000⑈



ALBERT [redacted]
JEAN B. [redacted]
[redacted]
TOLEDO, OHIO 43611

259

1-31 85

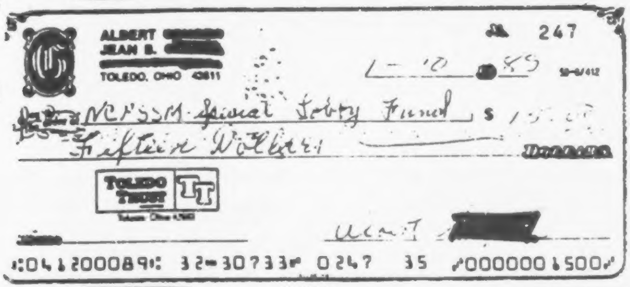
NCPSSM $10.00

Ten Dollars Dollars

TOLEDO TRUST TT

Albert [redacted]

⑆041200089⑆ 32-30733⑈ 0259 35 ⑈0000001000⑈



ALBERT [redacted]
JEAN B. [redacted]
[redacted]
TOLEDO, OHIO 43611

247

1-10 85

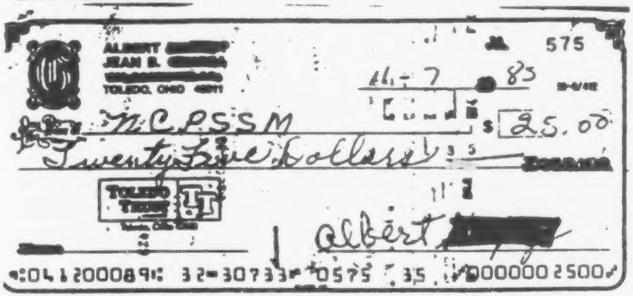
NCPSSM Special Lobby Fund $15.00

Fifteen Dollars Dollars

TOLEDO TRUST TT

Albert [redacted]

⑆041200089⑆ 32-30733⑈ 0247 35 ⑈0000001500⑈



ALBERT [redacted]
JEAN B. [redacted]
[redacted]
TOLEDO, OHIO 43611

575

11-7 85

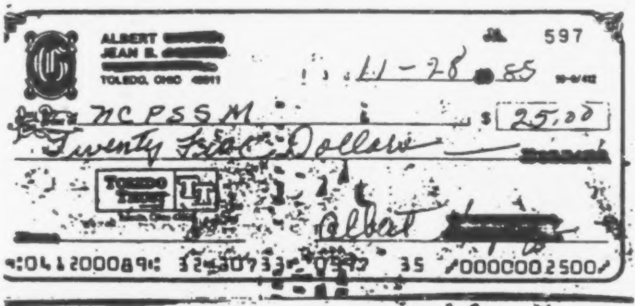
N.C.P.S.S.M $25.00

Twenty Five Dollars Dollars

TOLEDO TRUST TT

Albert [redacted]

⑆041200089⑆ 32-30733⑈ 0575 35 ⑈0000002500⑈



ALBERT [redacted]
JEAN B. [redacted]
[redacted]
TOLEDO, OHIO 43611

597

11-28 85

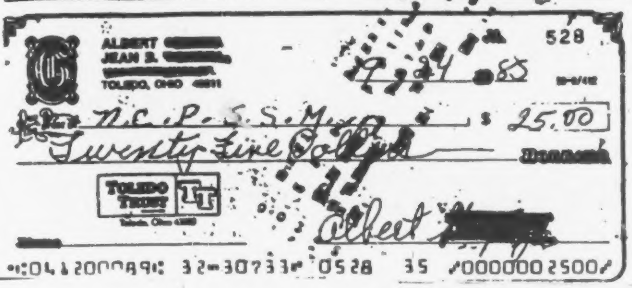
NCPSSM $25.00

Twenty Five Dollars Dollars

TOLEDO TRUST TT

Albert [redacted]

⑆041200089⑆ 32-30733⑈ 0597 35 ⑈0000002500⑈



ALBERT [redacted]
JEAN B. [redacted]
[redacted]
TOLEDO, OHIO 43611

528

9-24 85

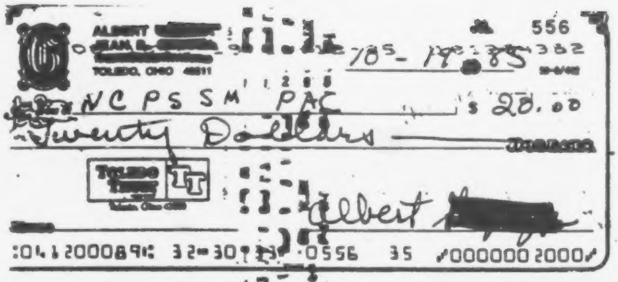
N.C.P.S.S.M. $25.00

Twenty Five Dollars Dollars

TOLEDO TRUST TT

Albert [redacted]

⑆041200089⑆ 32-30733⑈ 0528 35 ⑈0000002500⑈



ALBERT [redacted]
JEAN B. [redacted]
TOLEDO, OHIO 43611

556

10-18-85

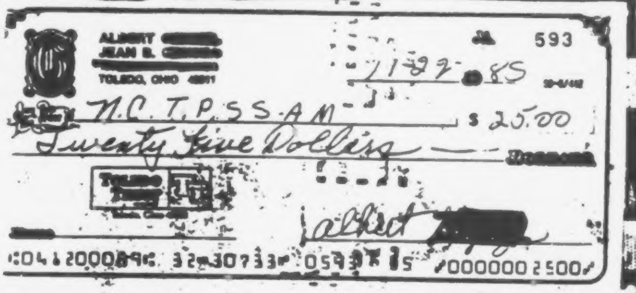
NCPSSM PAC $ 20.00

Twenty Dollars DOLLARS

TOLEDO TRUST

Albert [redacted]

:0412000891: 32-30733" 0556 35 /0000002000/



ALBERT [redacted]
JEAN B. [redacted]
TOLEDO, OHIO 43611

593

11-29 85

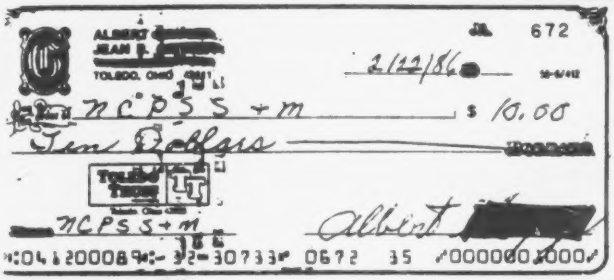
N.C.T.P.S.S.A.M $ 25.00

Twenty Five Dollars DOLLARS

TOLEDO TRUST

albert [redacted]

:0412000891: 32-30733" 0593 35 /0000002500/



ALBERT [redacted]
JEAN B. [redacted]
TOLEDO, OHIO 43611

672

2/22/86

NCPSS + M $ 10.00

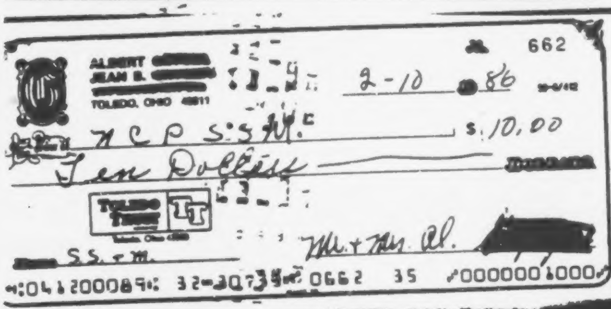
Ten Dollars DOLLARS

TOLEDO TRUST

NCPSS+M

Albert [redacted]

:0412000891: 32-30733" 0672 35 /0000001000/



ALBERT [redacted]
JEAN B. [redacted]
TOLEDO, OHIO 43611

662

2-10 86

N C P S S M. $ 10.00

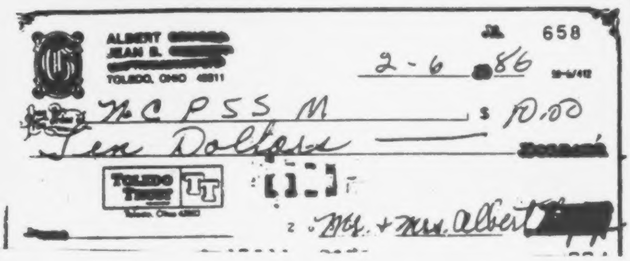
Ten Dollars DOLLARS

TOLEDO TRUST

S.S. + M.

Mr. + Mrs. Al. [redacted]

:0412000891: 32-30733" 0662 35 /0000001000/



ALBERT [redacted]
JEAN B. [redacted]
TOLEDO, OHIO 43611

658

2-6 86

N C P S S M $ 10.00

Ten Dollars DOLLARS

TOLEDO TRUST

Mr. + Mrs. Albert [redacted]

ALBERT [redacted]
JEAN B. [redacted]
TOLEDO, OHIO

624

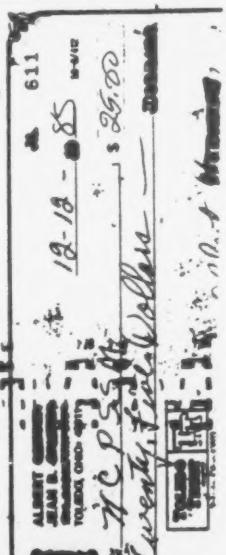
12-26 85

NCSC - PAC $ 15.00

Fifteen Dollars DOLLARS

TOLEDO TRUST

[redacted]



ALBERT [redacted]
JEAN B. [redacted]
TOLEDO, OHIO

611

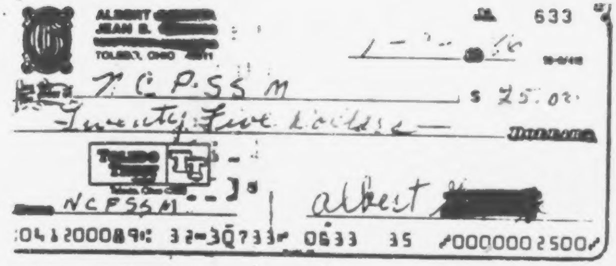
12-12 - 85

N C P S S M $ 25.00

Twenty Five Dollars DOLLARS

TOLEDO TRUST

[redacted]



ALBERT [redacted]
JEAN B. [redacted]
TOLEDO, OHIO 43611

633

1-[illegible]-86

56-6/412

Pay to the order of N.C.P.S.S.M $ 25.00

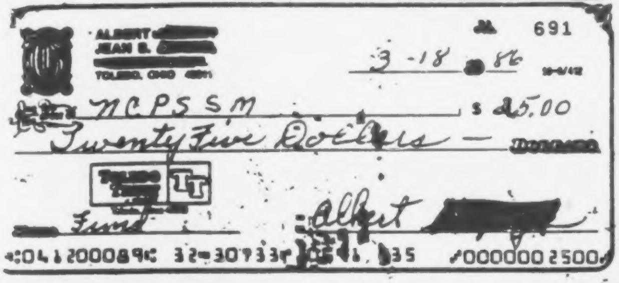
Twenty Five Dollars — Dollars

TOLEDO TRUST

NCPSSM

albert [redacted]

:041200089: 32-30733" 0633 35 /0000002500/



ALBERT [redacted]
JEAN B. [redacted]
TOLEDO, OHIO 43611

691

3-18-86

Pay to the order of NCPSSM $ 25.00

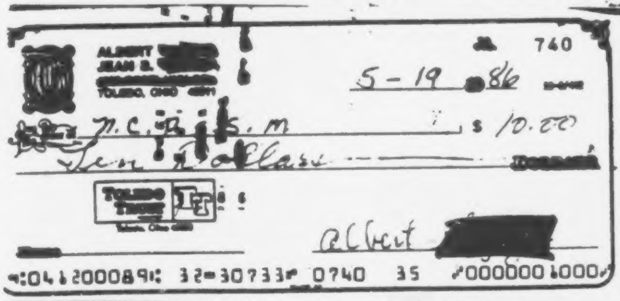
Twenty Five Dollars — Dollars

TOLEDO TRUST

Fund

albert [redacted]

:041200089: 32-30733" 0691 35 /0000002500/



ALBERT [redacted]
JEAN B. [redacted]
TOLEDO, OHIO 43611

740

5-19-86

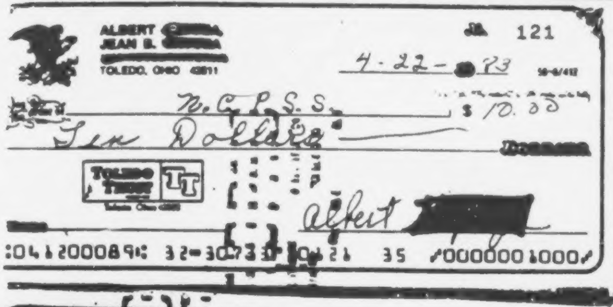
Pay to the order of N.C.P.S.S.M $ 10.00

Ten Dollars — Dollars

TOLEDO TRUST

albert [redacted]

:041200089: 32-30733" 0740 35 /0000001000/



ALBERT [redacted]
JEAN B. [redacted]
TOLEDO, OHIO 43611

121

4-22-83

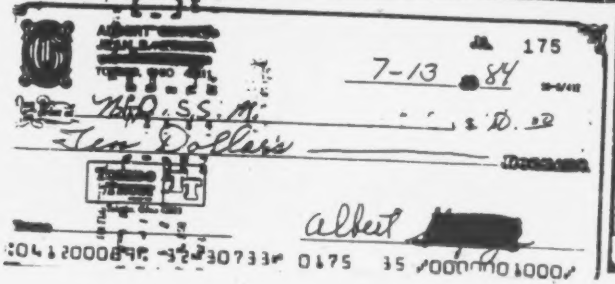
Pay to the order of N.C.P.S.S. $ 10.00

Ten Dollars — Dollars

TOLEDO TRUST

albert [redacted]

:041200089: 32-30733" 0121 35 /0000001000/



ALBERT [redacted]
JEAN B. [redacted]
TOLEDO, OHIO 43611

175

7-13-84

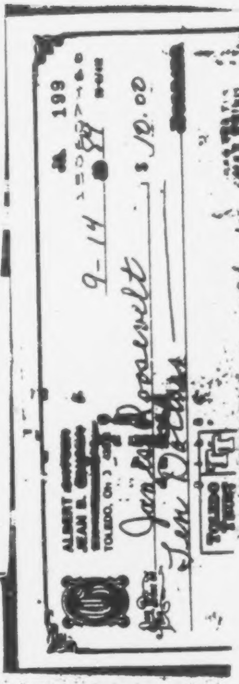
Pay to the order of N.C.S.S.M. $ 10.00

Ten Dollars — Dollars

TOLEDO TRUST

albert [redacted]

:041200089: 32-30733" 0175 35 /0000001000/



ALBERT [redacted]
JEAN B. [redacted]
TOLEDO, OHIO

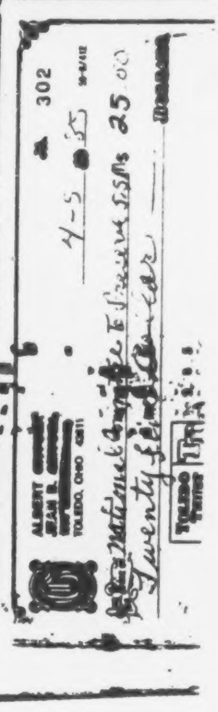
199

9-14-84

Pay to the order of James Roosevelt $ 10.00

Ten Dollars

TOLEDO TRUST



ALBERT [redacted]
JEAN B. [redacted]
TOLEDO, OHIO 43611

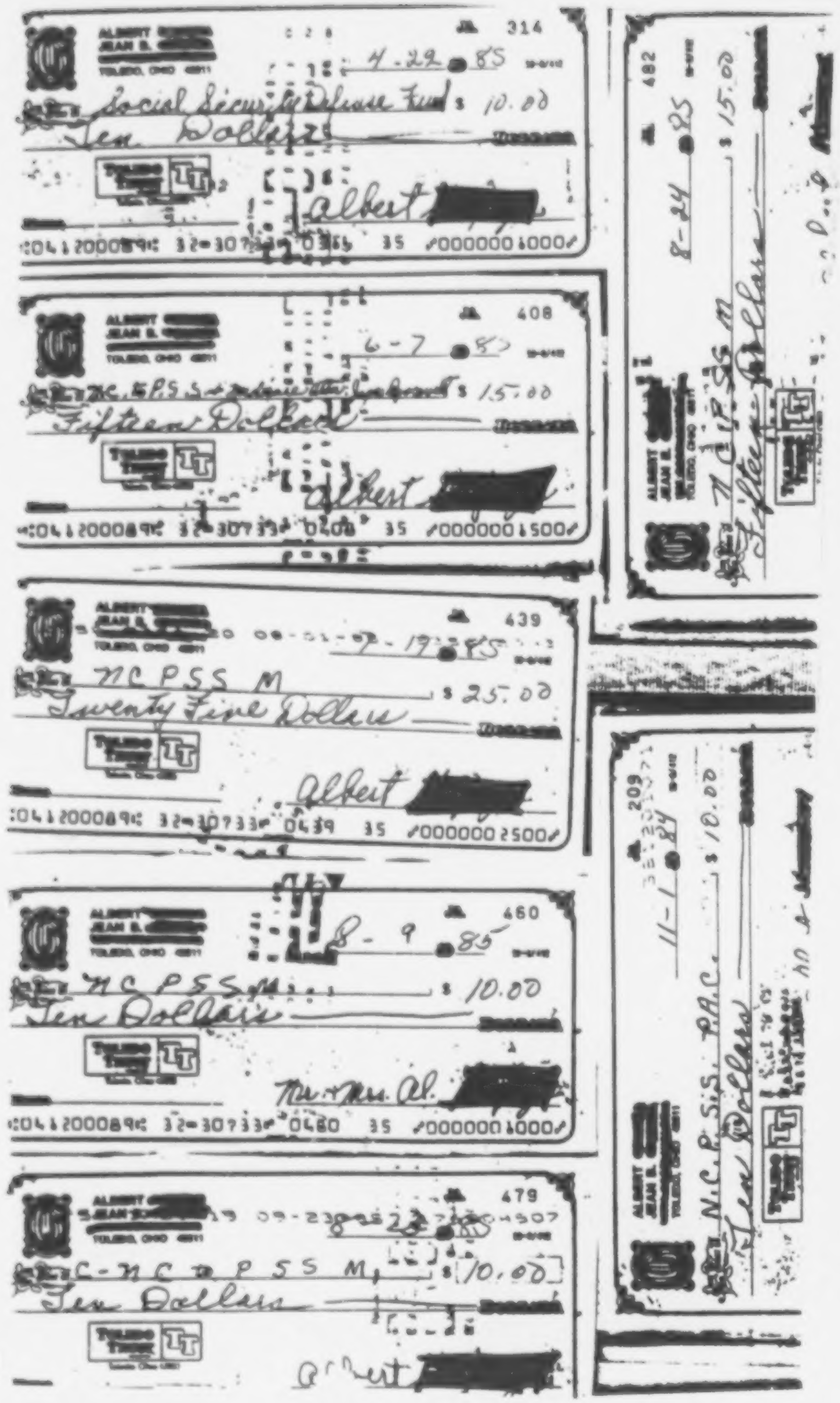
302

4-5-85

Pay to the order of National Committee to Preserve S.S.M. $ 25.00

Twenty five Dollars — Dollars

TOLEDO TRUST



ALBERT [redacted]
JEAN B. [redacted]
TOLEDO, OHIO 43611

314

4-29 85

Social Security Defense Fund $ 10.00

Ten Dollars

Albert [redacted]

:0412000891: 32-30733" 0314 35 /0000001000/

ALBERT [redacted]
JEAN B. [redacted]
TOLEDO, OHIO 43611

408

6-7 85

N.C.P.S.S. $ 15.00

Fifteen Dollars

Albert [redacted]

:0412000891: 32-30733" 0408 35 /0000001500/

ALBERT [redacted]
JEAN B. [redacted]
TOLEDO, OHIO 43611

439

19 85

NCPSS M $ 25.00

Twenty Five Dollars

Albert [redacted]

:0412000891: 32-30733" 0439 35 /0000002500/

ALBERT [redacted]
JEAN B. [redacted]
TOLEDO, OHIO 43611

460

8-9 85

NCPSSM $ 10.00

Ten Dollars

Mr. & Mrs. Al. [redacted]

:0412000891: 32-30733" 0460 35 /0000001000/

ALBERT [redacted]
JEAN B. [redacted]
TOLEDO, OHIO 43611

479

8-23 85

C-NCPSS M $ 10.00

Ten Dollars

Albert [redacted]

ALBERT [redacted]
JEAN B. [redacted]
TOLEDO, OHIO 43611

482

8-24 85

N.C.P.S.S.M. $ 15.00

Fifteen Dollars

[redacted]

ALBERT [redacted]
JEAN B. [redacted]
TOLEDO, OHIO 43611

209

11-1 84

N.C.P.S.S. P.A.C. $ 10.00

Ten Dollars

[redacted]

INSTRUCTIONS:

1. Mail your postcards to your U.S. Senators and U.S. Congressman.
2. Sign your enclosed Petition to the Congress of the United States and return it to me today.
3. With your signed Petition, return your contribution of $15, $10, $25 or more in the enclosed postage-free envelope to help us fight for nursing home reform.

National Committee to Preserve Social Security and Medicare
1300 19th Street N.W.
Washington, D.C. 20036

Dear Congressman: - "LACY"

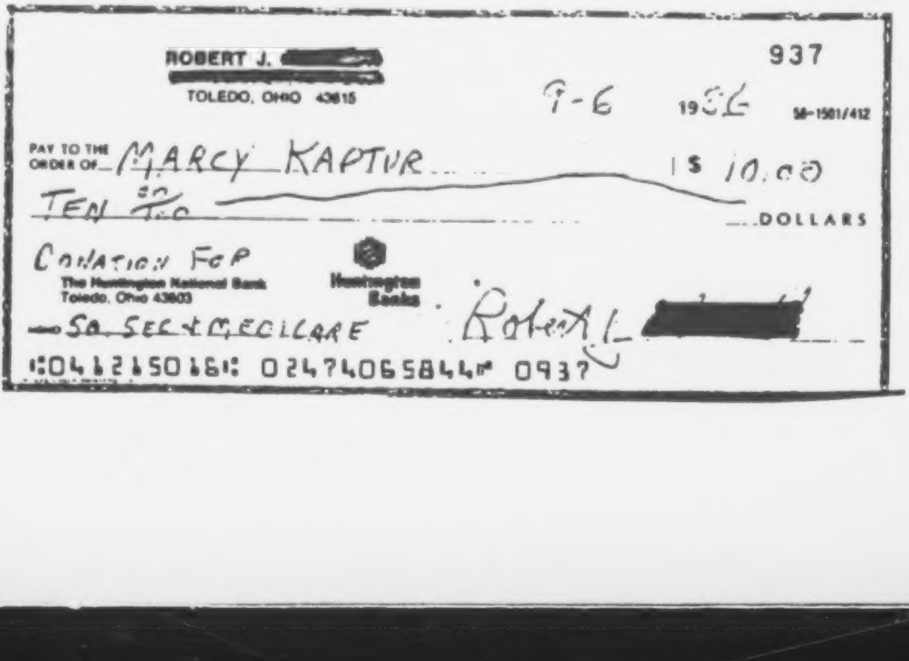
A recent study by the National Academy's Institute of Medicine called conditions in our nation's nursing homes "shockingly inadequate."

Testimony before Congressional committees has documented many examples of deplorable living conditions in nursing homes.

As a voter in your district, I strongly urge you to support the Five-Step Nursing Home Reform Program proposed by former Congressman James Roosevelt and the National Committee to Preserve Social Security and Medicare.

Robert J. [redacted]
SIGNATURE

[redacted]
ADDRESS — TOLEDO OHIO 43615 [illegible] #2



ROBERT J. [redacted]
[redacted]
TOLEDO, OHIO 43615

937

9-6 1986

56-1501/412

PAY TO THE ORDER OF MARCY KAPTUR $ 10.00

TEN 00/100 DOLLARS

DONATION FOR

The Huntington National Bank
Toledo, Ohio 43603

Huntington Banks

SO. SEC + MEDICARE

Robert J. [redacted]

⑆041215016⑆ 02474065844⑈ 0937

1986

JAN 1[illegible] 1986

[redacted]
Toledo, OH 43612
January 8, 1986

Marcy Kaptur
U. S. Representative
719 Federal Building
Toledo, OH 43604

Dear Representative Kaptur:

This letter is in regard to a complaint involving the All American Life Insurance Company. Enclosed are copies of a "premium notice" and return envelope provided by this company.

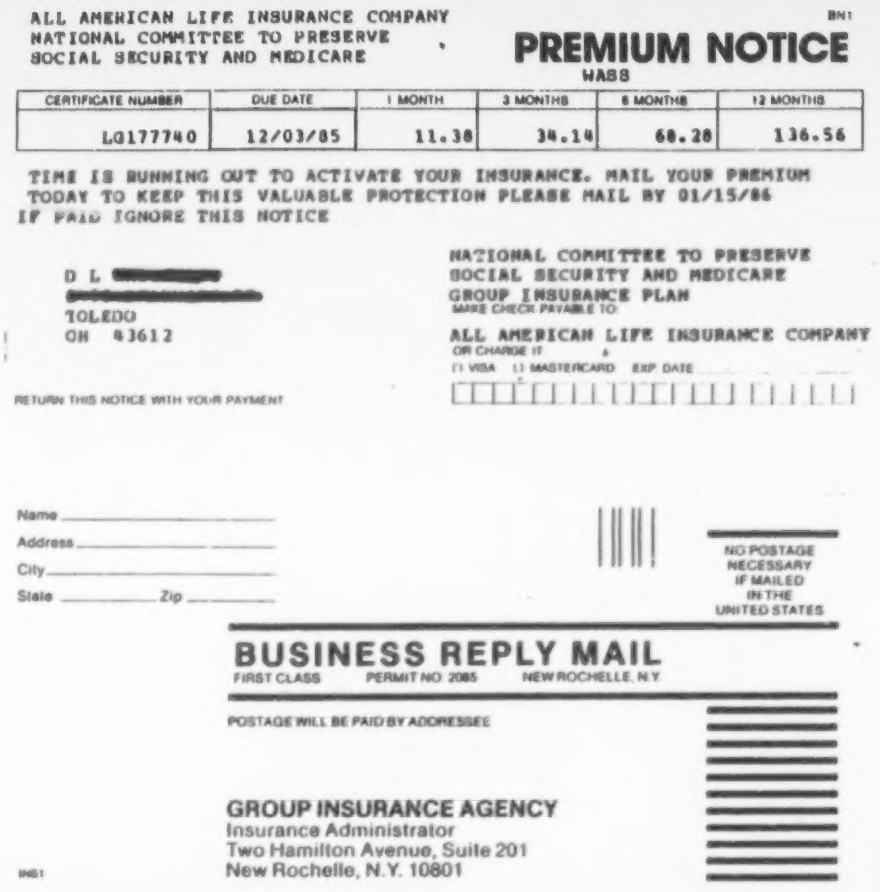
My mother, Dolores L. [redacted] is 79 years old and received the enclosed material in the mail. She has no coverage with this company and does not believe she every received literature from them before. My complaint specifically is the appearance of this paper in that it represents a "premium notice" and the statement that suggests failure to mail in the premium due could result in losing benefits under the Social Security and/or Medicare programs. I feel this is, at the very least, a misrepresentation and the attempt to prey on the vulnerability of senior citizens in this manner more closely constitutes fraud.

I ask that you take whatever action is available to you in putting a stop to this kind of solicitation.

Sincerely,

Dolores E. [redacted]

Dolores E. [redacted]



ALL AMERICAN LIFE INSURANCE COMPANY
NATIONAL COMMITTEE TO PRESERVE
SOCIAL SECURITY AND MEDICARE

BN1

PREMIUM NOTICE
WASS

CERTIFICATE NUMBER	DUE DATE	1 MONTH	3 MONTHS	6 MONTHS	12 MONTHS
LG177740	12/03/85	11.38	34.14	68.28	136.56

TIME IS RUNNING OUT TO ACTIVATE YOUR INSURANCE. MAIL YOUR PREMIUM TODAY TO KEEP THIS VALUABLE PROTECTION PLEASE MAIL BY 01/15/86
IF PAID IGNORE THIS NOTICE

D L [redacted]
[redacted]
TOLEDO
OH 43612

NATIONAL COMMITTEE TO PRESERVE
SOCIAL SECURITY AND MEDICARE
GROUP INSURANCE PLAN
MAKE CHECK PAYABLE TO:
ALL AMERICAN LIFE INSURANCE COMPANY
OR CHARGE IT
[ ] VISA [ ] MASTERCARD EXP DATE ______

RETURN THIS NOTICE WITH YOUR PAYMENT

Name ______
Address ______
City ______
State ______ Zip ______

NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES

BUSINESS REPLY MAIL
FIRST CLASS PERMIT NO. 2085 NEW ROCHELLE, N.Y.

POSTAGE WILL BE PAID BY ADDRESSEE

GROUP INSURANCE AGENCY
Insurance Administrator
Two Hamilton Avenue, Suite 201
New Rochelle, N.Y. 10801

IN61

THE NEW YORK TIMES, MONDAY, JUNE 2, 1986

2 Members-Turned-Lobbyists Get Cold Shoulder

Special to The New York Times

WASHINGTON, June 1 — It is quite ordinary for former members of Congress to return to Capitol Hill to use their emeritus status to lobby present members. Dozens do it.

But the reception being given to two former colleagues on Social Security issues has been extraordinarily short of cordial.

To one present member of the House of Representatives, Sherwood Boehlert, one former member, James Roosevelt, has been "misleading, dishonest and unfair" in his statements regarding the strength of the Social Security system.

And Representative Bill Green has accused another former member, William C. Wampler, of using "scare tactics" and of being part of a "fast-buck operation."

One or the other former member has also been been criticized in varying degrees by, among others, Representative Robert H. Michel of Illinois, the Republican minority leader in the House; Representative James R. Jones, Democrat of Oklahoma; Representative J. J. Pickle, Democrat of Texas; Representative Bill Archer, Republican of Texas, and the Congressional hero of America's retired, Representative Claude Pepper, Democrat of Florida.

Dire Warnings for Millions

What Mr. Roosevelt, a Californian who served in Congress from 1955 to 1965, and Mr. Wampler, a Virginian who served served nonconsecutive terms in the 1950's, 60's and 70's, have done to upset current members is to have sent, through separate organizations, letters to millions of people warning them of possible attacks on the retirement system and soliciting donations to ward off these attacks.

Last November, for example, Mr. Roosevelt signed an "Urgent-Action-Gram" that was sent to Social Security recipients warning that, because of a "raid" on the trust fund by Treasury Secretary James A. Baker 3d, there was only enough money left to pay half the benefits in December. "Threat to Social Security never so great," the letter said in clipped telegraphic language.

In his letter, Mr. Wampler wrote that "for years we've fought back attempts to destroy Social Security" and, like Mr. Roosevelt, he solicited funds, saying, "We desperately need contributions."

When it was noted that several members of Congress had accused him of having frightened recipients, Mr. Roosevelt, a Democrat and son of the President who started the system, said, "I certainly disagree."

Mr. Wampler, a Republican, said in response to Representative Green's criticism, "We haven't misrepresented."

Last year, when Congress failed to increase the ceiling on the national debt, Secretary Baker cashed in $28 billion in long-term bonds held by the Social Security trust funds so that the Government could pay monthly benefits without borrowing more money. Mr. Roosevelt and Mr. Wampler both say that the danger posed to the system by this practice has now subsided but that their organizations are needed to keep people alert to future forays.

The language used to criticize them has been unusually sharp.

Mr. Boehlert, a Republican from upstate New York, asserted that Mr. Roosevelt's activities "have gone over the border to being misleading, dishonest and unfair." He said he got involved after an aunt got a letter from Mr. Roosevelt and his organization with "a good-sounding name," the National Committee to Preserve Social Security and Medicare.

"The letter was very inflammatory and directed at the most vulnerable segment of our society," Mr. Boehlert recounted. "Then my grandmother, who lives with us, got a letter, too, and she got upset."

As a result, the Representative gave a speech in the House that ended: "James Roosevelt, shame on you." He asserted that Mr. Roosevelt's organization was saying it was raising money to help save the Social Security system but was not making its presence felt in Congress. Addressing the absent Mr. Roosevelt, he said, "The only thing you're doing with the money is raising more money."

'Still Subject of Attack'

In an interview from his California office, Mr. Roosevelt said he was protecting both the system and the memory of his father, Franklin D. Roosevelt.

"I certainly disagree," Mr. Roosevelt said of Mr. Boehlert's and others' criticism that he was frightening the elderly. Is the system imperiled? he was asked. "No, not at the moment," he answered. "But it is still the subject of attack. People want to use it to balance the budget. I will work to keep it viable."

Representative Archer agreed with Mr. Boehlert's criticism of Mr. Roosevelt, saying, "Roosevelt, besides being a former member of Congress, carries a great name."

Representative Jones said Mr. Roosevelt's organization mailed materials that "prey on older people to extract money out of them." Th Oklahoman said he had warned M Roosevelt's group that it was "skir ing very close to ethical impropri eties" and that "they better clean u their acts or we will go after them."

Representative Green, a Manhat tan Republican, charged that M Wampler's organization, the Soci Security Benefit Protection Servic was using "scare tactics to get mone out of these people."

Mr. Green said he was particularl offended that a former Representa tive was heading the organization "Yes, it bothers me that a form member does it," he said. "It is eve more depressing."

Representative Green said he ha sent notices to community centers i his district urging residents not t send $10 to join Mr. Wampler's organ ization. "People don't have to sen money to an organization to mak themselves heard by their Congressmen on the Social Security issue," Mr. Green said.

Use of Seal Questioned

When Mr. Wampler was asked to comment on Representative Green's assertion that he was alarming the retired by spreading false tales of peril to the system, he said: "I think it's a continuing question. At the moment it's in sound condition. We need to make sure that it is adequately funded."

Asked if his organization existed solely to raise money, Mr. Wampler said, "I don't share that view at all."

Representative Green objected to Mr. Wampler's use of an eagle seal similar to the official United States seal, to which Mr. Wampler answered, "I know of no law against it use."

Mr. Green said the intent to mislead was shown in Mr. Wampler's use of a seemingly Congressional address, the Capitol Hill Office Building, a private building on Capitol Hill on a mixed residential-business block.

"That's the name of the building," Mr. Wampler protested. "I do own the building. There was no inten

Chairman **Jacobs**. Thank you Representative Kaptur, if you'll just keep your place for a moment.

And Representative Green, would you proceed.

STATEMENT OF HON. BILL GREEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. **Green**. Thank you very much.

For several years, senior citizens in my district and elsewhere in the country have been receiving mailed material from private groups claiming that the Social Security and Medicare programs are in great and immediate danger. These mailings also seek contributions, allegedly to support work aimed at protecting these programs.

The groups often try to look like official Government agencies. They use terms like "official", or, "national", and incorporate the words "Social Security", and "Medicare" in their titles. They use brown envelopes—as you know, Social Security checks come in brown envelopes—with symbols that bear close resemblance to the official seal of the United States. And, they frequently boast that they are run by former Members of Congress. Now, it's not illegal to solicit money in order to organize a lobbying effort or an information network dedicated to a specific subject. Many groups do this. But ethical problems arise when these groups try to create the impression that they are official Government agencies, when they exploit the fears of the most vulnerable in our society through the use of misleading information and other alarmist tactics, and when they fail to do what they promise.

One organization, run by former Congressman William C. Wampler, offered to check a citizen's record of Social Security contributions, something anyone can do for the price of a postcard, and asked that the addressee join the organization by sending in a contribution of $10 to $25. This organization, called the Social Security Benefit Protection Service, also issues something called Social Security and Medicare assurance policies, which literally are worth no more than the paper on which they are printed.

An investigation by my staff showed that this organization had not been registered, either with Congress as a lobbying group, or with the Internal Revenue Service as a nonprofit agency. Therefore, it was difficult to discern what on-going work it was supposed to be doing. And I twice wrote to Mr. Wampler seeking clarification of the organization's function.

Only after my second inquiry did I receive a written reply stating that the primary purpose of the organization is merely, "to educate the public concerning their rights and obligations under the Social Security Act, as amended, so that they might obtain the maximum benefits allowed by law."

That's nice, but why should it cost the senior citizen $20?

An even more worrisome group which is headed by former Representative James Roosevelt and claims a membership of 4 million, is registered with the appropriate agencies as the National Committee to Preserve Social Security and Medicare. However, its fund raising letters are often styled as if they are telegrams, complete with bold letters marked "urgent", and carry deceptive information regarding the status of the Social Security trust funds, as well as the group's activities.

Their scare tactics have been so successful that I find it increasingly difficult to calm my constituents' fears when reapplying to the postcard and letter writing campaigns organized by this group. There is growing evidence of emotionalism and panic in my constituents' mail, and there's no wonder why.

Back in November 1985, this organization mailed what it called, "Urgent Action Grams" to senior citizens, asserting that the Secretary of the Treasury had carried out a midnight raid on the Social Security trust funds which could lead to the system's collapse. The organization went on to solicit emergency contributions of $20 to $30, supposedly in order to hire lawyers to prepare a lawsuit and undertake a high gear lobbying effort.

Although a lawsuit was indeed joined into by several Members of Congress and two other senior citizen interest groups, the National Committee to Preserve Social Security and Medicare was not, as far as I've been able to find out, a party to the action. To my knowledge, this organization never filed any such lawsuit.

The National Committee to Preserve Social Security and Medicare is also skilled at maintaining its membership rolls by recommending the automatic charging of annual dues to Visa or Mastercard accounts and by marketing life insurance plans of questionable value.

Mr. Chairman, I don't think anyone here would argue that Social Security and Medicare have not faced financing problems, and that Congress has not had to make some difficult choices in the last few years. Therefore, I'm not opposed to groups lobbying on those issues. However, I am deeply disturbed by the use of false information and intolerable scare tactics which some groups have been using to create a demand for their existence.

Several of my colleagues and I are at our wit's end in dealing with those organizations on an individual basis. In addition to regular warnings to our constituents, a number of us spoke out on the floor of the House last May to call attention to this problem and to encourage those groups to clean up their acts.

Now, we must ask Congress and the executive branch to explore ways both to educate senior citizens and to force those private groups to become more accountable. If we do not, I'm afraid we will see no end to their proliferation, since senior citizens are a growing and relatively lucrative market for fund raisers and fearmongers.

Thank you.

[Statement of Congressman Green follows:]

TESTIMONY OF REP. BILL GREEN (R-NY)

BEFORE THE

HOUSE SUBCOMMITTEE ON SOCIAL SECURITY

MARCH 10, 1987

Mr. Chairman, thank you very much for the opportunity to appear before you today to discuss an issue affecting many of our elderly citizens.

For several years, senior citizens in my district and elsewhere in the country have been receiving mailed material from private groups claiming that the Social Security and Medicare programs are in great and immediate danger. These mailings also seek contributions, allegedly to support work aimed at protecting those programs.

These groups often try to look like official government agencies. They use terms like "Official" or "National" and incorporate the words "Social Security" and "Medicare" in their titles. They use brown envelopes -- as you know Socal Security checks come in brown envelopes -- with symbols that bear close resemblance to the official seal of the United States. And they frequently boast that they are run by former Members of Congress.

Are these groups legal? I must assume that they are. It is not illegal to solicit money in order to organize a lobbying effort or an information network dedicated to a specific subject; many groups do this. But ethical problems arise when these groups try to create the impression that they are official government agencies, when they exploit the fears of the most vulnerable in our society through the use of misleading information and other alarmist tactics, and when they fail to do what they promise.

One organization, run by former Congressman William C. Wampler, offered to check a citizen's record of Social Security contributions--something anyone can do for the price of a 14-cent postcard-- and asks that the addressee join the organization by sending in a contribution of $10 to $25. This organization, called the Social Security Benefit Protection Service, also issues "Social Security and Medicare Assurance Policies" which literally are worth no more than the paper on which they are printed.

An investigation by my office showed that this organziation had not been registered either with Congress as a lobbying group or with the Internal Revenue Service as a non-profit agency. Therefore, it was difficult to discern what ongoing "work" it was supposed to be doing, and I twice wrote to Mr. Wampler seeking clarification of the organization's function. Only after my second inquiry did I receive a written reply stating that the primary purpose of the organization is merely "to educate the public concerning their rights and obligations under the Social Security Act of 1936 as amended so that they might obtain the maximum benefits allowed by law". That's nice, but why does it cost $20?

An even more worrisome group, which is headed up by former Rep. James Roosevelt and claims a membership of 4 million, is registered with the appropriate agencies as the National Committee to Preserve Social Security and Medicare. However, its fundraising letters are often styled as if they are telegrams, complete with bold letters marked "URGENT", and carry deceptive information regarding the status of the Social Security trust funds as well as the group's activities.

Their scare tactics have been so successful that I find it increasingly difficult to calm my constituents' fears when replying to the postcard and letter writing campaigns organized by this group. There is growing evidence of emotionalism and panic in my constituents' mail and it is no wonder why. Back in November 1985, this organization mailed "URGENT-ACTION-GRAMS" to senior citizens asserting that the Secretary of the Treasury had carried out a "midnight raid" on the Social Security trust funds which could lead to the system's collapse. The organization went on to solicit emergency contributions of $20 to $30 in order to supposedly hire lawyers to prepare a lawsuit and undertake a high gear lobbying effort.

This organization is also skilled at maintaining its membership rolls by recommending the automatic charging of annual dues to Visa or Mastercard accounts and by marketing life insurance plans of unknown value.

Mr. Chairman, I don't think anyone here would argue that Social Security and Medicare have not faced financing problems, and that Congress has not had to make some difficult choices in the last few years. Therefore, I am not opposed to groups lobbying on these issues. However, I am deeply disturbed by the use of false information and intolerable scare tactics which these groups use to create a demand for their existence. Several of my colleagues and I are at our wit's end in dealing with these organizations on an individual basis. In addition to regular warnings to our constituents, a number of us spoke out on the floor of the House last May to call attention to this problem and to encourage these groups to clean up their acts. Now we must ask Congress and the Executive Branch to explore ways to both educate senior citizens and force these private groups to become more accountable. If we do not, I am afraid we will see no end to their proliferation, since senior citizens are a growing and relatively lucrative market for the fundraisers and fearmongers.

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Chairman JACOBS. Thank you, Representative Green.

Mr. Archer?

Mr. ARCHER. Thank you, Mr. Chairman.

I appreciate the testimony of our two colleagues here who have outlined a big part of the problem, and I must say that your legislation which would tend to be educational basically is being implemented first hand right here today. The American people are going to be educated today as to what is involved in all of this, and hopefully that will go a long way.

Mr. Chairman, I want to thank you for scheduling this hearing. In my view, it's essential that we strike back at the mail campaign of fear being waged against our senior citizens, as you've already heard today. Personally, I find it deplorable that this hearing is even necessary.

Almost all of us who have mailing addresses are barraged with junk mail, much of it soliciting money for various causes, and most of us, including citizens who have retired, develop a certain sophistication in sorting out these appeals. I expect we'll hear the argument made today that the mailings of which we are so critical are in the same category of appeals.

But, folks, they are not. Other mailings are solicitations for help which appeal to our sense of altruism. The mailings of concern to this committee are those which frighten senior citizens and workers into believing that their Social Security checks or future benefits are in jeopardy unless they contribute to the cause.

In my view, this began in 1983 when the National Committee to Preserve Social Security began an aggressive fund raising drive aimed at pocketbooks of senior citizens. The financial success of that campaign, which continues unabated, has encouraged others to prey on the anxieties of the elderly. Other organizations offer for a fee, as has been mentioned, to perform a routine service such as securing a statement of earnings or a Social Security card or changing one's name following marriage, which is easily available from any Social Security office to any beneficiary, or certainly through a congressional office if it makes inquiry, as you've said, Congressman Green.

It is appropriate, I believe, that we subject these organizations about which we're having this hearing to scrutiny. I want to acknowledge that among the eight organizations the Social Security Administration identified to us as engaging in dubious advertising techniques, the National Committee to Preserve Social Security and Medicare is the only one who accepted our invitation to speak today and to respond to questions by this committee.

I'm sorry that our former colleague, James Roosevelt's first appearance before the Social Security Subcommittee should be under these circumstances, but I do appreciate his appearance today.

I hope that this public spotlight will prod these organizations into cleaning up their act. Legislative remedies are possible. Standards for granting an organization tax exempt status could be strengthened. Bulk mail privileges could be tightened, or the Secretary of HHS could be given greater authority to investigate mailings and institute legal proceedings.

Obviously, these measures might also catch smaller and less harmful fish than those that we seek today. Still, Mr. Chairman, this abuse of the elderly must be curbed and I appreciate your leadership in scheduling this hearing.

Chairman Jacobs. Thank you, Mr. Archer.

Mr. Pickle, do you have any questions for the witnesses?

Mr. Pickle. Mr. Chairman, I do not have any statement to make. I appreciate that you would invite members of the Oversight Subcommittee to sit in on the hearing. I hope I'll have a chance to ask a question later as we move along.

Chairman Jacobs. Fine. We thank both of you for your contributions to the record and we'll try to take our colleagues in the order in which they are listed.

Mr. Goodling is present. I believe Representative Byron is here. And Representative Boehlert, and Mr. Lewis, I think we have four chairs at the table so why don't we proceed in that fashion.

And Mr. Goodling, if you'd proceed, we'd be grateful.

STATEMENT OF HON. WILLIAM F. GOODLING, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. Goodling. Thank you, Mr. Chairman.

I appreciate the opportunity to testify on what I feel are some very deceptive practices that prey upon people who have enough problems; they don't need actions such as these to cause their unrest. Many of these people are 70, 80 years old, and don't quite understand what it is they are receiving through the mail from groups such as the National Committee to Preserve Social Security and Medicare.

I particularly resent the fact that my name appears on the letters that come to my district. Simply, I resent it because most of the senior citizens in my district respect my opinions and as soon as they see my name listed there, they assume that well, Bill's for it. And you know and I know if they read the words "Social Security," and then say something may happen to it, and then see my name, that's automatic. Bill's behind it and therefore we should send our $10.

Most of them don't have a 10 dollar bill to send in the first place. I realize using the name is not illegal, but I think it is immoral and I think it's unethical. I've received a package myself. I'm getting close to that age, I suppose, so I received one of those packages recently. I received a lot of others that were sent to me by my constituents, but I, personally, received one at home.

I'm really concerned that a former Member would lend his name to this, simply because a former Member would understand, as a matter of fact, the chairman of the Rules Committee happens to be Congressman Pepper. Can you imagine anything coming to the floor of the House that would be detrimental to the Social Security system? Of course not.

Can you imagine anything coming anyway from the Congress of the United States that would be detrimental to the system? Of course not. And a former Member would certainly understand that. A former Member would also understand that people may discuss issues and people may send out flyers, et cetera, et cetera, to see what the reaction is, but certainly nothing is going to happen that is going to jeopardize Social Security for our senior citizens.

Now, there are reliable organizations that, as a matter of fact, help senior citizens understand the problems. AARP, for instance, has time and time again very effectively presented the case in relationship to the notch issue. They've explained what the notch issue is. They also tell their members that as a matter of fact, if you tried to do anything about it, you would jeopardize the long-term stability of the Social Security system. But as soon as they get that letter from the AARP, they receive a letter from this National Committee which continues to tell them that the notch is discriminatory. It is easy to see how hard it is for them to separate fact from fiction.

I just hope there is something that you, as a committee, can do that can eliminate the fears of senior citizens that are brought on by legal, I suppose, but certainly unethical, certainly immoral, and certainly deceptive ways of trying to collect money. I hope when you're finished with the hearings we will have something on the floor of the House that will help us get at this issue. Rather than constantly responding by telephone and by personal visits, as I do, and by letters to the inquirier of senior citizens who somehow or other believe tomorrow their Social Security's going to vanish from this Earth simply because of the letter they received from the National Committee or other organizations. I would like to see some action to reassure them that their benefits are secure, and the best way to get their views across to the Congressman is to make direct contact, not join groups such as the National Committee.

I hope there's something that can be done so that we can allay their fears once and for all. I'm afraid just doing what we're doing today won't do it, because I'm sure all of us are trying to educate our constituency back home to the fact: throw that into the trash can the minute it comes in your door so you don't even have to open it and get upset and excited about it.

A couple of the labels you see at the top, and I spell out which they are, just throw them in the trash can and rest assured that we will make the decisions and that nothing the National Committee to Preserve Social Security and Medicare or any other committee that's advertising will do will influence what you and I will do in relationship to Social Security.

Thank you for the opportunity to testify.

[Statement of Congressman Goodling follows:]

TESTIMONY OF
CONGRESSMAN WILLIAM F. GOODLING

Before the
SUBCOMMITTEE ON SOCIAL SECURITY
HOUSE COMMITTEE ON WAYS AND MEANS
Tuesday, March 10, 1987

on
MISLEADING AND DECEPTIVE MAILINGS
TO
SOCIAL SECURITY BENEFICIARIES

Mr. Chairman, thank you for giving me the opportunity to present my views on misleading and deceptive mailings to Social Security beneficiaries.

I should begin by stating I resent the fact some of these groups have my name in print at some strategic point in their letter, making it appear that I support whatever it is they are promoting. I believe I have the trust of my constituents and I certainly do not want them to support any of these groups merely because they honestly believe I support them too.

Several months ago, I, personally, received a mailing from the National Committee to Preserve Social Security and Medicare, the group which appears responsible for the majority of inquiries from seniors in my Congressional District. Several constituents also mailed me the letter they received from former Congressman Roosevelt, wanting to check the validity of the information it contained.

I am disappointed, to say the least, with the tactics being used to solicit membership in this organization. In Mr. Roosevelt's letter, he listed Congressional action he felt was indicative of an intent to cut Social Security and Medicare. What he did not do was provide complete information.

I suppose this action did not surprise me, based on past experience with former Congressman Roosevelt's group. I am sure we have all received urgent mailings from seniors about bills which never had a prayer of getting out of committee.

Mr. Chairman, it just doesn't seem fair that a group such as this can scare seniors, especially those in their 70s, 80s, and older, into believing their benefits are going to be abruptly stopped or reduced if they do not join the National Committee to Preserve Social Security and Medicare. And yet, some of the seniors who write to me are willing to give up meals so they can send him the membership fee to preserve their benefits.

Quite frankly, some senior citizens have health problems and I am afraid of the consequences if they are continuously and unnecessarily worried about the future of their Social Security and Medicare benefits.

I do not rely on groups such as this to shape my views on legislative proposals and any constituent who has ever written to me about this group knows how I feel. Like most members of the U. S. House and Senate, I rely on my constituents and on information provided to me on the pros and cons of such measures. When my constituents do write to me, I tell them not to spend the $10 to join the Roosevelt Committee. I tell them to spend 22 cents and write to me.

Mr. Chairman, there are many legitimate groups serving the needs of senior citizens, such as the AARP. They are not afraid to provide accurate information to their membership. An article in one of their recent newsletters even explained, with facts, the Social Security notch and why its eliminiation could hurt the long term stability of the Trust Funds. The National Committee, on the other hand, continues to tell its members that the notch is discriminatory.

Something must be done to insure that our nation's seniors are protected from groups which seek little more than their own profit. If these groups state their main purpose for existence is to provide their members with up-to-date information on Congressional action, then they should have to do so accurately. Half-truths to reap a profit are unacceptable, not to mention unethical.

Mr. Chairman, thank you again for letting me share my views with your Committee. I only hope that something can be done to stop deceptive mail practices directed at senior citizens. They have worked hard and worried all their life. They deserve a rest.

Chairman JACOBS. Thank you, Bill.
Beverly?

STATEMENT OF HON. BEVERLY B. BYRON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MARYLAND

Mrs. BYRON. Thank you, Mr. Chairman.

First of all I'm delighted to have an opportunity to join today with my colleagues to speak on something I think is really an unfortunate situation. I agree with my colleague, Mr. Archer, that it's unfortunate that this hearing is even necessary. It's only through sharing the problems that we as members see, and the possible causes and solutions, that we're really able to look at some of the remedies.

The 100th Congress has taken upon itself to inquire into the many issues concerning the welfare of the Nation's elderly. By the year 2000, people 65 years and older are really expected to represent 13 percent of our population.

However, much of the fear currently guiding the actions of many senior citizens isn't the result of any new development with the Social Security program. That's on a solid basis right now. But the fear has stemmed from threatening words of direct mail campaigns. While perhaps aiming at positive goals, these campaigns employ the use of scare tactics, worst-case scenarios and stilted language to convince the elderly of the need to speak out.

We've all heard complaints about the direct mail campaigns, their promises of services for nominal fees, which the Government offers for free, the use of official-looking envelopes to assure recipients of legitimacy. At times, these solicitations are so poorly worded that they result in a great deal of confusion.

In the past, I've received checks and cash from senior citizens who thought that the mailing organization was the Government. This has disturbed me most of all. I sent each check back to the constituent with an explanation that I was not collecting funds for the U.S. Government. I also let them know that the mail received was from separate organizations and warned that really such mail needs to be read carefully due to its misleading nature in many cases.

But what separates the direct mail all of us have received almost daily and the solicitations that we're really here today to discuss is the vulnerability of the targeted audience. Many of our older Americans live entirely on fixed incomes provided by Social Security, and that's what they're really dependent upon. That's what is at stake in their future and their well-being.

Senior citizens don't need to be, as I think these mailings do, needlessly frightened into making financial contributions and have their interests represented on Capitol Hill. I'm not opposed to group lobbying—and I don't think any of us are—especially on behalf of our seniors. In fact, I welcome it. But I am opposed to fund raising that seems to depend on spreading misinformation about Social Security and the understandable confusion that it instills in our senior citizens.

That confusion that exists as a result of these campaigns indicates that there is a problem. The fact that there are many of us here today to testify indicates that there's a problem. There are many groups, such as AARP, which have been organizing senior citizens effectively and efficiently for years without generating questions and controversies.

The National Committee has indeed proved itself to be efficient in the area of direct mail. I have here in my hand a file folder of 15 letters that were mailed to a constituent of mine during the course of a 10-month period—an impressive collection of correspondence all directed at the same individual, all requesting contributions, all implying in one form or another that their Social Security is in danger. The National Committee solicits contributions not only to finance its costly mail campaigns, but also, as it points out in its literature, to promote an effective lobbying effort on Capitol Hill.

While my constituents could tell you that they have received numerous mailings, I on the other hand, have yet to be approached by a representative of that organization. I have since been advised that the National Committee has bolstered its Washington lobbying effect, and I also have learned that the funds collected go to many more projects than the mail campaign. However, thus far, I've been given no proof of that.

The National Committee to Preserve Social Security and Medicare certainly is not the only organization guilty of the offenses that we're discussing today. However, though, as a result of the publicity surrounding this group and the phenomenal funds it has accumulated, it most certainly illustrates the issue that we're now considering.

In closing, Mr. Chairman, I think that I can speak for most of my colleagues in saying that the concerns of our senior citizens are of utmost importance to all of us. Personally, I welcome the comments of my constituents as individuals. They don't need to pay a membership fee in order to get my attention. It is their specific concerns and not those printed on a mass mailing postcard, that alert me to problems in an insightful and productive way.

And I resent the use of direct mail to needlessly instill fear in our senior citizens.

[Statement of Congresswoman Byron follows:]

TESTIMONY FOR BEVERLY B. BYRON
SUBCOMMITTEE ON SOCIAL SECURITY
COMMITTEE ON WAYS AND MEANS
TUESDAY, MARCH 10, 1987

THANK YOU, MR. CHAIRMAN:
I AM GLAD TO HAVE THIS OPPORTUNITY TO SPEAK TO YOU TODAY. WHILE IT IS TRULY UNFORTUNATE THAT THIS HEARING IS NECESSARY--IT IS ONLY THROUGH A SHARING OF PROBLEMS, THEIR POSSIBLE CAUSES AND SOLUTIONS, THAT WE ARE ABLE TO DEVISE SUCCESSFUL REMEDIES.

THE 100TH CONGRESS HAS TAKEN UPON ITSELF TO INQUIRE INTO MANY ISSUES RELEVANT TO THE WELFARE OF THIS NATION'S ELDERLY. BY FOCUSING ON INITIATIVES IN CATASTROPHIC HEALTH INSURANCE AND OTHER MEDIGAP STRATEGIES, CONGRESS HAS DEMONSTRATED ITS CONCERN FOR THE WELL-BEING OF SENIOR CITIZENS. SINCE 1980, THE NUMBER OF OLDER AMERICANS HAS INCREASED BY 2.8 MILLION OR 11%, COMPARED TO 4% FOR THE UNDER 65 POPULATION. BY THE YEAR 2000, PERSONS 65 YEARS OF AGE AND OLDER ARE EXPECTED TO REPRESENT 13% OF THE POPULATION.

IN ADDITION TO CONGRESSIONAL ACTIONS AIMED AT THE FUTURE, THE PRESENT IS ALSO LOOKING BETTER FOR OLDER AMERICANS. SOCIAL SECURITY TRUST FUNDS ARE NOW MORE SECURE THAN EVER AND THE FUTURE OF THE SYSTEM IS NO LONGER AN ISSUE OF SPECULATION.

WHY THEN IS MY OFFICE AS WELL AS THOSE OF MY COLLEAGUES, ROUTINELY FACED WITH SCARED AND APPREHENSIVE SENIOR CITIZENS? NOT THAT THEY SHOULDN'T BE CONCERNED--THEY SHOULD ALWAYS KEEP A WATCHFUL EYE ON THE PROGRAMS AND INSTITUTIONS THAT WILL AFFECT THEIR FUTURES.

HOWEVER, MUCH OF THE FEAR CURRENTLY GUIDING THE ACTIONS OF MANY SENIOR CITIZENS IS NOT THE RESULT OF ANY NEW DEVELOPMENTS WITH THE SOCIAL SECURITY PROGRAM, BUT HAS STEMMED FROM THE THREATENING WORDS OF DIRECT MAIL CAMPAIGNS. WHILE PERHAPS AIMING AT POSITVE GOALS, THESE CAMPAIGNS EMPLOY THE USE OF SCARE TACTICS, WORST-CASE SCENARIOS, AND STILTED LANGUAGE TO CONVINCE THE ELDERLY OF THE NEED TO SPEAK OUT.

WE HAVE ALL HEARD COMPLAINTS ABOUT THESE DIRECT MAIL CAMPAIGNS--THEIR PROMISES OF SERVICES FOR "NOMINAL" FEES WHICH THE GOVERNMENT OFFERS FOR FREE, THEIR USE OF OFFICIAL LOOKING ENVELOPES TO ASSURE RECIPIENTS OF LEGITIMACY. AT TIMES, THESE SOLICITATIONS ARE SO POORLY WORDED THEY RESULT IN CONFUSION.

FOR EXAMPLE, IN THE PAST, I HAVE RECEIVED CHECKS FROM SENIOR CITIZENS WHO THOUGHT THAT THE MAILING ORGANIZATION WAS TIED TO THE GOVERNMENT. THIS IS WHAT DISTURBS ME MOST OF ALL. I SENT EACH CHECK BACK TO THE CONSTITUENT, WITH AN EXPLANATION THAT I WAS NOT COLLECTING FUNDS FOR THE ORGANIZATION AND A WARNING THAT SUCH MAIL NEEDED TO BE READ CAREFULLY DUE TO ITS MISLEADING NATURE.

DIRECT MAIL CAMPAIGNS HAVE PROVEN TO BE AN EFFECTIVE WAY TO SELL GOODS AND SERVICES TO A MASS AUDIENCE. MORE OFTEN THAN NOT THEY ARE EYE-CATCHING, SOPHISTICATED AND EMPLOY MODERN SALES TECHNIQUES.

BUT WHAT SEPARATES THE DIRECT MAIL ALL OF US RECEIVE ALMOST DAILY AND THE SOLICITATIONS WE ARE HERE TODAY TO DISCUSS IS THE VULNERABILITY OF THE TARGET AUDIENCE. MANY OLDER AMERICANS LIVE ENTIRELY ON THE FIXED INCOMES PROVIDED BY SOCIAL SECURITY. THAT IS WHAT THEY ARE DEPENDENT ON. THAT IS WHAT THEY STAKE THEIR FUTURE WELL-BEING ON.

SENIOR CITIZENS DON'T NEED TO BE--AS I THINK THESE MAILINGS DO--NEEDLESSLY FRIGHTENED INTO MAKING FINANCIAL CONTRIBUTIONS TO HAVE THEIR INTERESTS REPRESENTED ON CAPITOL HILL. I AM NOT OPPOSED TO GROUPS LOBBYING ON BEHALF OF OUR SENIORS. IN FACT I WELCOME IT. BUT I AM OPPOSED TO FUNDRAISING THAT SEEMS TO DEPEND ON SPREADING MISINFORMATION ABOUT SOCIAL SECURITY, AND THE UNDERSTANDABLE CONFUSION THIS INSTALLS IN OUR SENIOR CITIZENS.

THAT CONFUSION EXISTS AS A RESULT OF THESE CAMPAIGNS INDICATES THAT THERE IS A PROBLEM. THERE ARE MANY GROUPS WHICH HAVE BEEN ORGANIZING SENIOR CITIZENS EFFICIENTLY AND EFFECTIVELY FOR YEARS WITHOUT GENERATING THE QUESTIONS AND CONTROVERSY WE HAVE SEEN WITH SUCH GROUPS AS THE NATIONAL COMMITTEE TO PRESERVE SOCIAL SECURITY AND MEDICARE.

THE NATIONAL COMMITTEE HAS INDEED PROVEN ITSELF TO BE EFFICIENT IN THE AREA OF DIRECT MAIL EFFORTS. I HAVE HERE 15 LETTERS MAILED TO A CONSTITUENT OF MINE DURING THE COURSE OF A 10 MONTH PERIOD. AN IMPRESSIVE COLLECTION OF CORRESPONDENCE--ALL DIRECTED AT THE SAME INDIVIDUAL, ALL REQUESTING CONTRIBUTIONS, AND ALL IMPLYING IN ONE FORM OR ANOTHER THAT SOCIAL SECURITY IS IN DANGER.

THE NATIONAL COMMITTEE SOLICITS CONTRIBUTIONS NOT ONLY TO KEEP WITH ITS MAIL CAMPAIGN, BUT ALSO TO PRESENT AN EFFECTIVE LOBBYING EFFORT ON CAPITOL HILL. WHILE MY CONSTITUENT COULD TELL YOU THAT HE HAS RECEIVED NUMEROUS MAILINGS, I, ON THE OTHER HAND, HAVE YET TO BE APPROACHED BY A REPRESENTATIVE OF THAT ORGANIZATION.

I HAVE SINCE BEEN ADVISED THAT THE NATIONAL COMMITTEE HAS BOLSTERED ITS WASHINGTON LOBBYING EFFORT. I HAVE ALSO LEARNED THAT FUNDS COLLECTED GO TO MANY MORE PROJECTS THAN REGENERATION OF THE MAIL CAMPAIGN. HOWEVER, I HAVE THUS FAR BEEN GIVEN NO PROOF OF THIS.

THE NATIONAL COMMITTEE TO PRESERVE SOCIAL SECURITY AND MEDICARE IS CERTAINLY NOT THE ONLY ORGANIZATION GUILTY OF THE OFFENSES THAT WE ARE HERE TO DISCUSS TODAY. HOWEVER, AS A RESULT OF THE PUBLICITY SURROUNDING THIS GROUP AND THE PHENOMENAL FUNDS IT HAS ACCUMULATED, IT MOST CERTAINLY ILLUSTRATES THE ISSUE WE ARE NOW CONSIDERING.

IN CLOSING, MR. CHAIRMAN, I THINK THAT I CAN SPEAK FOR MOST OF MY COLLEAGUES IN SAYING THAT THE CONCERNS OF OUR SENIOR CITIZENS ARE OF UTMOST IMPORTANCE TO US. I AM ALWAYS VERY HAPPY TO ANSWER QUESTIONS, ADDRESS CONCERNS AND WORK TOWARDS LAYING TO REST SOME OF THE UNFOUNDED UNCERTAINTIES REGARDING SOCIAL SECURITY AS CONVEYED BY VARIOUS ORGANIZATIONS.

PERSONALLY, I WELCOME THE COMMENTS OF MY CONSTITUENTS AS INDIVIDUALS. THEY DO NOT NEED TO PAY A MEMBERSHIP FEE IN ORDER TO GET MY ATTENTION. IT IS THEIR SPECIFIC CONCERNS, AND NOT THOSE PRINTED ON A MASS MAILING POSTCARD, THAT ALERT ME TO PROBLEMS IN AN INSIGHTFUL AND PRODUCTIVE WAY.

Chairman **Jacobs**. Thank you, Beverly.

Sherwood?

Mr. **Boehlert**. Thank you, Mr. Chairman.

Mr. **Archer**. Mr. Chairman? May I interject at this moment to say that we're grateful to all of our colleagues for coming and we really appreciate your testimony, but I especially wanted to call to the attention of the committee that our colleague, Sherry Boehlert, was one of the very first to call to our attention the nature of the abuses that we're holding these hearings about today.

And we do welcome you before the committee, and we thank you for your diligence.

Mr. **Boehlert**. I want to thank you, Mr. Archer. It's been a long wait since October of 1983, when I first started this.

STATEMENT OF HON. SHERWOOD L. BOEHLERT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. **Boehlert**. Mr. Chairman, I want to thank you for convening this hearing on an issue that is so important to America's senior citizens. Both they and Congress will benefit by learning about the practices used by seniors' public interest groups—from the exemplary to the suspect—as they solicit and receive tens of millions of dollars from perhaps society's most vulnerable group, our elderly.

I intend to focus on those whose conduct is most questionable because they are the real problem. Specifically, I wish to direct my attention to the National Committee to Preserve Social Security and Medicare, an organization which I feel is selling fear at a handsome profit, and giving virtually nothing in return.

Most of my colleagues are probably tired of hearing about this group. So am I. They are not the only organization requiring scrutiny and exposure. It's just that they are the one with which I am personally most familiar.

If we start demanding a little more accountability from these groups, we will be performing a very valuable public service. These groups enjoy the privilege of tax-exempt status, but under current law, are held to very loose standards of accountability. That's why Congressman Bob Wise and I are introducing legislation to require public disclosure by tax exempt organizations of all fundraising expenditures and activities.

Decent and honest organizations have nothing to fear from such disclosures, but disclosure would be a strong weapon against groups which are little more than moneymaking machines, benefiting a few at the expense of many and cloaking their operations in noble-sounding names.

Are any but the most radical against preserving Social Security and Medicare? Of course not.

Let's take a look at the audience for these direct mail solicitations. I'd like to use the dollar bill graph (illustration) to show what I'm talking about. The average Social Security check is $482 a month, as represented by this dollar. On the average, seniors spend 81 cents of their dollar on housing, food, transportation, health care and insurance—the absolute essentials. Only 19 cents is left for that all encompassing, "all other" category—like unexpected emergencies, which seem to occur more frequently as the years advance.

Now, let's compare the seniors' typical budget to that of the National Committee to Preserve Social Security and Medicare, which claims to be a lobby for seniors' interest.

I've just shown that seniors who rely on Social Security for most of their income spend at least 80 percent of that income on the bare necessities of life. But the National Committee, whose activities I've monitored since its inception, spends approximately 80 percent of its budget—which a CBS news estimate put at $32 million last year—to generate more appeals for money. For every $10 that someone sends to the National Committee, approximately $8 is spent on more direct mail to raise more money. The National Committee uses all kinds of creative tactics to drain seniors' pockets and line its own.

They used envelopes marked, "Urgent—Official Legal Documents Enclosed," a tactic which raised the ire of the Postal Service. They distributed a conference report from a symposium of experts who supposedly discussed the Social Security Amendments of 1983. Mr. Chairman, 6 out of the 11 experts listed say they never heard of the symposium, much less attended it.

Just last week, this organization sent seniors a letter with a crisp new one dollar bill enclosed, but the dollar wasn't a rebate or a reward. In fact, the writer actually asked seniors to send, "an investment of $20 to preserve and enhance Social Security and Medicare benefits."

Mr. Chairman, I'm not even going to waste your time with the details of the National Committee's failed medigap insurance scheme. What I will spell out is the effectiveness of the National Committee's money machine. Through the most misleading and ethically questionable tactics imaginable, the selling of fear, the National Committee raised nearly $10 million in 1984, $29 million in 1985, and an estimated $40 million in 1986, all through the powerful tool of direct mail.

Senior citizens are not the only folks who are misled. We in Congress get hoodwinked, as well. I share the group's stated wish to protect Social Security and Medicare, and have met with the representatives of that organization to candidly discuss their tactics used.

What has been the result? Despite admissions of verbal strongarming with weak excuses: "we were new at it"—or—"we needed to get their attention" and despite repeated assurances that the National Committee would clean up its act, the misleading rhetoric and the money machine roll on.

Let me give you an example of how this organization operates. I'll submit for the record, a copy of the newsletter sent out as the 99th Congress was organizing. To say the least, it was a heavyhanded personal attack on me. Why? For daring to suggest publicly that the National Committee was taking unfair advantage of seniors by bilking them of millions, ostensibly to be an effective lobbying force in their behalf. In reality, they are nothing more than a money machine which fails to deliver on its promises and has little credibility on Capitol Hill.

They thought this attack would silence me. They were wrong.

Then a new approach was tried. I was sent a very flattering letter from Mr. Roosevelt praising me for my outstanding record in support of those programs most important to senior citizens. That was nice, but it didn't change my outlook since the money machine was still in high gear. To my utter disgust, I was subsequently advised that the National Committee had sent a newsletter to millions of people nationwide reporting that I had received their endorsement and a sizable campaign contribution.

I checked, and sure enough, the newsletter stating all of the above was indeed dispatched. I checked further, and discovered that yes, indeed, an unsolicited campaign check in the amount of $2,000 was delivered to my Washington office. The day of delivery, as soon as it was discovered, an official of the organization was notified that I would not accept the contribution and it was promptly returned.

And yet, a check of the official records reveals that the financial disclosure statement of their political action committee has me listed as the recipient of a $2,000 campaign contribution. Talk about playing fast and loose with the facts, here is a classic example.

Harping on one group is not why I'm here, Mr. Chairman. I offer the National Committee as a clear-cut example of how easily the public trust is abused. Unless we in Congress seize the opportunity to educate Americans about these groups, and adopt and enforce legislation requiring stricter accountability upon them, others will see our lack of resolve and feel free to emulate the National Committee's example.

Americans are an intelligent lot, capable of making intelligent decisions but none of us can make an intelligent decision without first having the facts. Any can of food on the supermarket shelf must list its ingredients. Public corporations must publish annual reports. Even politicians, those of us privileged to serve in public office, must disclose our finances and campaign spending. Such disclosure serves a valuable public purpose.

The legislation Mr. Wise and I have introduced will ensure that tax exempt organizations which currently must report expenditures to the IRS, must also provide full public disclosure of their fund raising activities. Such statutes already exist in 31 States.

Mr. Chairman, let's give Americans the facts.

Thank you for conducting this forum. I'm certain it will be a very valuable and important step toward greater awareness of a serious problem, and hopefully toward a solution.

Chairman JACOBS. Thank you.

Tom?

STATEMENT OF HON. TOM LEWIS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. LEWIS. Thank you, Mr. Chairman, and good afternoon to the committee. I want to commend you on holding this hearing, and I would like to take this opportunity to thank the committee for allowing me to speak on behalf of older Americans in my district and across the country who deserve to have their interests legitimately protected.

Let me begin by reading to you part of a letter written to me late last year. "I really feel that this type of advertising is very misleading and quite often distresses those senior citizens who do not understand that this is not a government agency."

This is from a gentleman in my district who obviously understands the ploy being used to collect money from senior citizens. He is one of the few. Many others have written who have been scared into contributing $10 or $20 of their retirement dollars to organizations which solicit them through questionable tactics.

"Please, can you make this kind of thing stop, it scares me?" I heard this from a woman whose mailbox has been filled time and time again over the past few years with mailings from the National Committee to Preserve Social Security and Medicare, led by former Congressman James Roosevelt. It has frightened her and others like her into a panic over the continued payment of their benefits.

I am pleased that this situation has become a major concern to Members of Congress who want to protect older Americans from the questionable tactics of this organization and others like it.

Our Nation's senior population has the right to be well informed and well represented by lobbyists in its causes. What it does not need are groups that take advantage of the unique financial, physical and emotional situations of older Americans in order to line their own pockets. Preying on the fears of senior citizens by disseminating information which alleges threats to their carefully protected benefits is unfair and self-serving.

I have in the past advised seniors in my district to look carefully at any solicitations for money by groups claiming that without their generous donations, their Social Security and Medicare payments would decrease or even cease. Most of these people are already on fixed incomes, and cannot afford to pay any sum of money for unnecessary representation by these so-called lobbying groups.

I have been assured by the Commissioner of Social Security, Dorcas Hardy, that the Social Security fund is secure through the end of this century and beyond. Barring any legislation that would threaten that fiscal solvency, today's retirees need not fear that their benefits will be suddenly reduced or cut off.

Congress will simply not let this happen.

We all know that Social Security is a sensitive issue and I recognize the need for informed senior citizens groups, as well as an effective body for communicating the concerns of these people to their representatives. Mr. Chairman, I'm speaking of groups such as AARP, American Association of Retired Persons, and others similar to it.

We also know that any moves to drastically reduce or change eligibility for benefits will be met with innumerable obstacles as well as very vocal outrage from our nation's elderly and those who represent them. This is as it should be. Members of Congress should be made aware of the special needs of our aging population and should not single it out to bear more than its fair share of necessary budget cuts.

Organizations which effectively carry this message to Congress should be commended. Organizations which do not and whose actions are motivated by financial gain should be brought to accountability. Social Security and Medicare recipients are entitled to organized lobbying efforts to advance their legislative priorities. Above all, the impression by Congress that an organization is working in the best interests of its members, no matter which side of an issue a member falls on, is necessary for a successful lobbying effort.

The National Committee to Preserve Social Security and Medicare and other similar organizations are thoroughly lacking in that crucial credibility. Contributors quite simply are not getting their money's worth. They are being led astray and they are being bilked. The simple fact that this hearing is being held indicates more than a passing concern about the motives of these organizations.

I am pleased that the Committee on Ways and Means has shown an interest in this problem. The National Committee to Preserve Social Security and Medicare is an organization which warrants investigation, Mr. Chairman. An in-depth look into the finances and solicitation practices of this group is imperative.

I will be happy to lend any assistance I can to the committee as they carefully look into this matter.

Again, Mr. Chairman, I thank you for allowing me to be here and for holding this hearing.

Chairman JACOBS. Thank you, Mr. Lewis.

Mr. Moody?

Mr. MOODY. Mr. Chairman, I'd like to commend you for holding this hearing on deceptive mailing practices. I have seen these activities in abundance in my district. The net result has been fear and fright on the part of senior citizens which is totally unnecessary. They've been frightened into thinking their Social Security benefits are in jeopardy when they're not, and they've been bilked out of literally thousands and thousands of dollars in my district.

Mr. Chairman, I have a statement I'd like to include in the record, along with an attachment which shows just how deceptive and misleading solicitations from an organization known as the Social Security Protection Bureau have become. As for the NCPSSM, I feel deeply offended as a Member of Congress that a former Member would resort to these kinds of scare tactics to bilk frightened senior citizens out of their money and I hope this hearing today brings an end to this unscrupulous practice.

Chairman JACOBS. Without objection, your statement will be included in the record, and also without objection, the Staff Investigative Report will be inserted in the record at the origin of the hearing.

[Mr. Moody's prepared statement follows:]

STATEMENT OF HON. JIM MOODY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN

Mr. Chairman, I want to commend you for holding today's hearing on misleading and deceptive mailing practices targeted at our senior citizens.

Tens of millions of our elderly constituents are contacted every year by organizations soliciting contributions for their alleged efforts to protect Social Security benefits, safeguard earnings statements, or provide "tamper proof" Social Security cards.

These mailings and solicitations are frequently conducted in ways which mislead and misinform. They frighten the recipients into giving money to organizations in the mistaken notion that their Social Security or Medicare would otherwise be lost.

In November, 1985, for example, the National Committee to Preserve Social Security and Medicare (NCPSSM) sent out an "Urgent-Action-Gram" on congressional action on the public debit limit. The letter implied that a $10 contribution to the National Committee was needed to make sure that the Congress would authorize full payment of December, 1985, Social Security benefits. Of course, the benefits were never in jeopardy.

The NCPSSM is perhaps the best-known of the seniors-oriented direct mail groups. Its growth has been explosive—its income has skyrocketed from $1.7 million in 1983 to $30 million in 1986. The organization was supposed to be, among other things, a lobby for senior citizens' concern. Yet, despite the fact that the NCPSSM received income approaching $2 million in 1983, it did not even register to lobby until the spring of 1984. What is worse, with income of $30 million in 1986, the NCPSSM spent only $3 million—10 percent of its income on actual "lobbying," and I question how effective this $3 million was. I do not know of a single member of the House who has been personally lobbyied by the NCPSSM.

And while there are indications that the NCPSSM has reduced its dishonest scare tactics a little in recent months, the organization's most recent mailing requests contributions to build the official-sounding "Franklin Delano Roosevelt Memorial Social Security and Medicare Building"—a building which in fact will be new offices for the NCPSSM.

The NCPSSM is not the only organization targeting seniors. This January, I received a letter from a constituent asking for my views on a solicitation by the "Social Security Protection Bureau." The mailing, complete with official—looking replicas of Social Security cards (which were actually entry blanks for a sweepstakes), invited my constituent to join the Protection Bureau for a $7 fee. The Bureau promises to help protect members, Social Security benefits, and offers them:

A "personal gold-embossed Social Security card to replace the paper card you now own."

A personal statement of your Social Security record which we will help you get directly from the Social Security Administration."

A "$500 reward for information leading to the arrest and conviction of anyone who steals your Social Security card, illegally uses your social security number, or tries to fraudulently collect your Social Security benefits."

Of course, this is simply an invitation for older Americans to pay for unnecessary services or protection and services they already receive from the federal government at no cost.

The Congress has an obligation to take whatever steps are needed to end this sort of direct mail rip-off, which preys on our nation's senior citizens. Perhaps the most useful tool at our disposal is the ability to help educate the public about deceptive or misleading mailing practices. Today's hearing will undoubtedly serve that end, and I hope it will also give us a clear indication of what other steps we should contemplate taking.

Mr. Chairman, I ask unanimous consent that the solicitation from the "Social Security Protection Bureau" be included included in the record of today's hearings following my remarks.

SOCIAL SECURITY PROTECTION BUREAU,
Washington, DC.

DEAR FRIEND: You could be a winner in the "Social Security" $50,000 Sweepstakes!

Plus you're *guaranteed* to receive a valuable "Mystery Gift" when you help protect your social security benefits by sending your check for $7 to join the Social Security Protection Bureau.

So today complete and return the enclosed Official "Social Security" $50,000 Sweepstakes Coupons along with your $7 check.

Right now you may stand to collect over $90,000 in Social Security benefits for your first 10 years of retirement. That's why you need the Social Security Protection Bureau to help you protect this big investment. As a Bureau member, you'll be entitled to all these valuable benefits.

Your Personal Gold Embossed Social Security Card to replace the paper social security card you now own. If lost or stolen paper Social Security Cards can be changed so that illegal aliens, etc. can actually use your social security number. That's why you should have a *plastic* Social Security Card. Our plastic cards are durable, almost impossible to alter or change, are accepted everywhere your paper card is, and can be used as proof of identification for check cashing, etc.

Personal Statement of Your Social Security Record which we will help you get directly from the Social Security Administration. Every year hundreds of thousands of Americans *are not given proper credit for money they pay into Social Security.* That's why it's so important you get a statement from Social Security which shows exactly how much you've paid in. Should there be any errors you can correct them before it's too late.

$500 Reward for information leading to the arrest and conviction of anyone who steals your Social Security Card, illegally uses your social security number, or tries to fraudulently collect your Social Security benefits.

Social Security Guide to Retirement sent to you every year. This short, easy to understand guide will keep you posted on all the different rule changes and procedures you need to know to qualify for maximum social security benefits.

Representation in Washington, D.C. to protect your Social Security Benefits. Our staff will constantly monitor proposed legislation in Washington, D.C. to make sure you won't lose any of the Social Security and Medicare benefits you're entitled to.

Your Social Security benefits are too important to leave unprotected.

That's why I urge you to join the Social Security Protection Bureau—and why we're offering you a chance to be a winner in the "Social Security" $50,000.00 Sweepstakes.

No payment is required to enter the Sweepstakes. However, if you enroll as an SSPB member for one year by sending us your check for $7 along with your coupons, you'll be guaranteed to win a valuable "Mystery Gift"—a prize I know you'll enjoy. Plus you'll receive your SSPB membership kit by return mail.

So send your Coupons and your $7 check today . . .

. . . and good luck!

Sincerely,

P.D. Morris,
Program Director.

$50,000 SWEEPSTAKES—AR OFFICIAL RULES

1. To enter complete the official entry/contribution (or order) form and return it in the appropriate envelope provided, with or without a purchase or contribution. No purchase or contribution is necessary to enter or win. All entries must be received by December 15, 1988. Not responsible for lost, late or misdirected mail. No facsimiles or mechanical reproductions accepted.

2. Winners will be determined in random drawings on or before December 30, 1988, by VENTURA ASSOCIATES, INC., an independent judging organization whose decisions are final. All prizes are guaranteed to be awarded. Winners will be notified by mail and may be required to complete an affidavit of eligibility and release from liability which must be returned within 21 days of date on notification. No substitutions for prizes except as may be necessary due to availability. Some travel restrictions may apply to trips. Limit one prize per person per family. Prizes are non-transferable. All taxes are the responsibility of the winners. Entry constitutes permission to use winners' names and likenesses for publicity purposes without additional compensation.

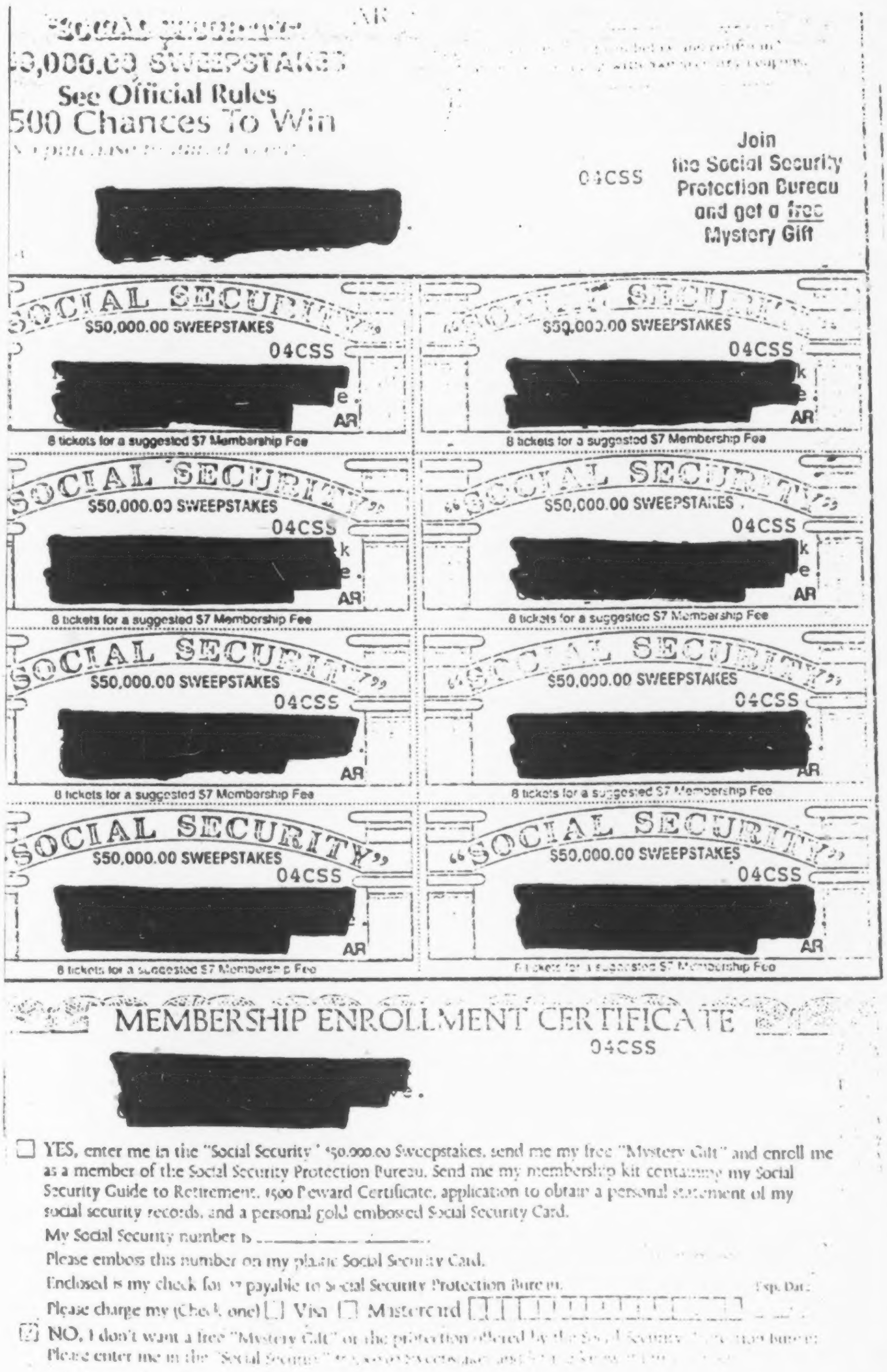
3. Approximate retail value of the prizes are as follows: One Grand (up to a range of $16,233), one First (up to a range of $3,500), two Second (up to $1,124 each), three Third (up to a range of $570 each), 5,000 Fourth ($5.45 each).

4. The $50,000 Sweepstakes is a cooperative sweepstakes which may be presented in different creative presentations by various direct marketing organizations. Circulation will not exceed 100 million letters. Winners will have their choice of any prize offered at level won.

5. Odds of winning are determined by the total number of entries received. Sweepstakes open to the residents of the U.S. 18 years of age or older. Employees and their families of the sponsors, their affiliates, suppliers, advertising and production agencies and VENTURA ASSOCIATES, INC., are not eligible. All federal, state and local rules and regulations apply. Void where prohibited.

6. For a list of major prize winners, send a stamped, self-addressed envelope before December 15, 1988 to: $50,000 Sweepstakes Winners, P.O Box 659, Lowell, IN 46399.

Social Security Protection Bureau is not affiliated with the Federal Government.



"SOCIAL SECURITY"
,000.00 SWEEPSTAKES
See Official Rules
500 Chances To Win
[illegible]

AR

[redacted]

04CSS

Join
the Social Security
Protection Bureau
and get a free
Mystery Gift

"SOCIAL SECURITY"
$50,000.00 SWEEPSTAKES
04CSS
[redacted]
AR
8 tickets for a suggested $7 Membership Fee

"SOCIAL SECURITY"
$50,000.00 SWEEPSTAKES
04CSS
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8 tickets for a suggested $7 Membership Fee

"SOCIAL SECURITY"
$50,000.00 SWEEPSTAKES
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8 tickets for a suggested $7 Membership Fee

"SOCIAL SECURITY"
$50,000.00 SWEEPSTAKES
04CSS
[redacted]
AR
8 tickets for a suggested $7 Membership Fee

MEMBERSHIP ENROLLMENT CERTIFICATE
04CSS

[redacted]

☐ YES, enter me in the "Social Security" $50,000.00 Sweepstakes, send me my free "Mystery Gift" and enroll me as a member of the Social Security Protection Bureau. Send me my membership kit containing my Social Security Guide to Retirement, $500 Reward Certificate, application to obtain a personal statement of my social security records, and a personal gold embossed Social Security Card.

My Social Security number is ______________

Please emboss this number on my plastic Social Security Card.

Enclosed is my check for $7 payable to Social Security Protection Bureau.

Please charge my (Check one) ☐ Visa ☐ Mastercard ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐ Exp. Date ____

☑ NO, I don't want a free "Mystery Gift" or the protection offered by the Social Security Protection Bureau. Please enter me in the "Social Security" $50,000.00 Sweepstakes and [illegible]

Chairman JACOBS. We thank the panel for your contribution to the record, and ask the remaining members to come forward, Mr. Olin, Mr. Ridge, and Mr. Coats.

Jim, I believe you're next.

STATEMENT OF HON. JIM OLIN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA

Mr. OLIN. Well, thank you very much, Mr. Chairman. I'd like to congratulate you and the committee for having these hearings. They're a little bit overdue but it's wonderful that you're having them.

I think that I've heard more complaints at town meetings in the last 4 years about the National Committee for the Preservation of Social Security and Medicare than about every other organization. At substantially every meeting, senior citizens, mainly older single widows, come up with the question, is Social Security going to go down the drain? Are my Medicare payments going to cease? What can I do? Where should I send my money? Should I send my money?

Mr. Chairman, I will not repeat some of the details that have been given by the others, but the letters that have been sent out by the James Roosevelt organization are misleading. This organization uses scare tactics. In many cases, these letters contain statements that are not true. I think that we've got to find someway to get that organization to pull back, police itself, and stop trying to bilk older people of their money.

I've got another personal reason to complain about the letters. Mr. Jimmy Roosevelt and I have the same first name. Frequently on Roosevelt's letters will have a P.S. at the end, making the final pitch for money, signed, Jim. At my town meetings, people ask me, Jim, where should I send my money. My name is in there. I'm a senior citizen. I'm also a Member of Congress and the letters they get have my name all over them.

And then when they see my signature at the bottom, and our signatures are very similar, I have a personal reason for wanting that organization to change its tactics.

Mr. Chairman, I hope that you can get to the bottom of this, that you can disclose how much money is being raised, what the money is being used for, and whether there is any effective lobbying going on. We obviously don't need it. I hope something can be done about the scare tactics and inaccurate statements that are causing people to give the money they don't have to that cause. And I hope that Mr. Roosevelt in the future will discontinue signing his P.S.'s with my name.

Thank you, Mr. Chairman.

[Statement of Congressman Jim Olin follows:]

STATEMENT OF CONGRESSMAN JIM OLIN BEFORE THE HOUSE WAYS AND MEANS COMMITTEE'S SUBCOMMITTEE ON SOCIAL SECURITY

Mr. Chairman, I am here today to ask you to look into the practices of James Roosevelt's National Committee to Preserve Social Security and Medicare and other organizations which use direct mail solicitations to the elderly.

I believe that we have an obligation to our constituents to take a careful look into the practices of all organizations which lobby on behalf of the elderly. I am very concerned about the tactics which these groups use to get contributions. Additionally, I would be interested to find out how they use these funds.

Some of these organizations, particularly the National Committee to Preserve Social Security and Medicare, have used mailings which were deceptive. The NCPSSM has sent mailings in envelopes which resemble those used by the government. Many senior citizens thought these were official mailings from the Social Security Administration. The committee has stopped using these envelopes because of protests from Congress. However, their deceptive mailings continue.

They attempt to instill fear into senior citizens. Senior citizens, fearful that they will not receive their Social Security checks, send $10 or more to this and other organizations. Because James Roosevelt and I have the same first name and both of us sign our letters simply "Jim," I actually receive some checks which are intended for the National Committee to Preserve Social Security and Medicare. It disturbs me that these organizations raise money through fear and deception. As we all know, Social Security is financially sound.

Additionally, I am concerned about how these groups use their contributions. I am rarely contacted by lobbyists from the National Committee to Preserve Social Security and Medicare or any similar organizations. About the only contact I have with these groups are the cards they occasionally have their members send to my office.

Mr. Chairman, I want to thank you for holding these hearings. I do not believe that we should conduct a "witch hunt" against the National Committee to Preserve Social Security and Medicare or any other lobbying organization. However, I do believe that we should find a way to stop lobbying groups from deceiving and intimidating elderly people. Additionally, we must determine a way to monitor these groups and how they use their contributions.

Chairman **Jacobs**. Thank you. Gentlemen at the table, Senator Gore is here, and has a very short statement and as a matter of comity, I wonder if you would permit him to pursue his in our recognition of the lower body? [Laughter.]

Senator **Gore**. I don't know about that, Mr. Chairman.

STATEMENT OF HON. ALBERT GORE, JR., A U.S. SENATOR FROM THE STATE OF TENNESSEE

Senator **Gore**. Let me thank you very much, Mr. Chairman. And let me thank my colleagues here at the table for allowing me to go forward and I'll do so very, very briefly.

You have heard from a number of witnesses who have eloquently described to you exactly what is wrong about Mr. Roosevelt's scheme. It's just outrageous that he continues to do this, and as I'm sure you are well aware, more than 90 percent of the money goes back into mailing more letters asking for more money. He's now getting a salary of $60,000 a year, which means he has to scare at least 6,000 senior citizens per year to send in $10 for his own salary, and of course his organization, the National Committee to Preserve Social Security and Medicare, is getting millions and millions.

What has not been made public, Mr. Chairman, is that Mr. Roosevelt, before he received this salary, had a consulting contract with the mail firm that is getting most of the money from this scheme. Now, he claimed to me that it was for work that was unrelated to the Social Security mailings, but I would recommend the subcommittee look more closely into that.

Now, in order to be very brief, let me get right to the point that I wanted to bring to your attention. There is a new Roosevelt organization mailing that has just hit the mailboxes. It says that "money doesn't grow on trees, and so this dollar bill is not yours to keep. I've only sent it to you to prove an important point * * *." And Mr. Roosevelt claims to have enclosed a dollar bill in the mailing. At the end of the lengthy letter, it says, "P.s. * * * , I'm trusting you to at least return the dollar bill I sent you. But please support our fight to safeguard the Social Security Trust Funds, by returning your dollar bill with your contribution of $30, $20, or $40 today, in the enclosed postage-free envelope."

Mr. Chairman, I've got a stack of letters here from Tennesseans who wrote me to say that there was no dollar bill enclosed in the letter that Mr. Roosevelt sent them. We've been contacted by 12 people about this mailing, and all 12 said the same thing:

"Dear Senator Gore. Thought you would be interested in this. There was no dollar bill enclosed." And let me see, "Dear Mr. Gore. I'm still getting letters every week from Mr. Roosevelt. I have sent him money many times. I'm old and I don't get much anyway. I have a lot of medicine to buy. After I do that and pay my bills, I don't have much left. I'm enclosing the letter that I got today from him. I would like for you to tell him not to send me any more letters asking for money." And this person also says the dollar bill was not enclosed.

I won't read them all, but if in fact the sampling that I received where 12 out of 12 received no dollar bill in their mailing, if that is representative of the entire mailing or a majority of the mailing, then he has reached a new low. He is trying to trick senior citizens into thinking that somehow they lost the dollar or they would be marked down on his computer list as someone who kept the dollar bill and didn't even send the dollar back.

It really is shameful what he is doing. Fortunately, many senior citizens are beginning to get wise to this scheme, while some have long been wise to it. Mr. Chairman, I congratulate you for these hearings. And, Mr. Chairman, I'll submit my full statement for the record. I appreciate the courtesy in letting me go forward.

[The prepared statement and attachments follow:]

STATEMENT OF HON. ALBERT GORE, JR., A U.S. SENATOR FROM THE STATE OF TENNESSEE

Thank you, Mr. Chairman, for giving me this opportunity to testify. I welcome hearings on this issue.

Mr. Chairman, your subcommittee has worked long and hard to preserve the long-term financial stability of the Social Security system. Your efforts have done much to reassure older Americans' faith in Social Security.

But a handful of opportunists have set out to shatter that trust. Unscrupulous lobbyists like James Roosevelt are preying on senior citizens across the country. The National Committee to Preserve Social Security and Medicare is a menace and a sham.

Last Year, Roosevelt used phony Congressional stationery to send letters to millions of elderly Americans, claiming that Social Security and Medicare programs were in jeopardy. After reading his letter, one woman called my office and asked if "everyone who was on Social Security had to send in $10."

Roosevelt chiseled $10 million out of frightened senior citizens in 1984 alone. NCPSSM funnels 90% of the money into more fundraising campaigns—and at least $60,000 a year goes into Roosevelt's own pocket.

Now he has launched a new mass mail campaign that stoops lower than ever. In his lastest letter, Roosevelt claims to have enclosed a one-dollar bill that he would like the recipient to return—along with an additional contribution to his group.

But of course, my constituents tell me, there is no dollar enclosed. Roosevelt appears to have left it out on purpose, so that recipients will think they lost the dollar themselves and send back one of their own.

The scheme sounds incredible, yet James Roosevelt has built a career on deliberate deceptions. His group bleeds older Americans for their hard-earned dollars by pledging to protect Social Security, when in fact the Social Security system is not in trouble. If anything, Roosevelt himself is the Trust's greatest enemy, playing on the elderly's insecurities and undermining their faith in the government and their confidence in the future.

Cheating seniors out of their money for false purposes is immoral, and borders on mail fraud. I have requested a prompt Postal Service investigation of Roosevelt's group.

I tell my constituents that if they ever receive anything with Roosevelt's name on it, they should throw it away. The only thing they would get for a contribution is their name added to another list to receive another appeal for money.

Fifty years ago, Franklin Delano Roosevelt established the Social Security program, and millions of senior citizens continue to benefit. It's a terrible shame for a man with James Roosevelt's heritage to try to defraud the people his father fought so hard to help.

Your investment of $40 in our Trust Funds Safeguard campaign is needed to help keep Social Security out of the annual budget battle and to preserve and enhance your Social Security and Medicare benefits.

But whatever amount you send, please return the dollar bill I've sent you.

It will take every dollar we can raise to stop

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Please Tell the Senator I have never gotten a Dollar bill from anyone out of Washington and I certainly am not sending James Roosevelt one after his article in the Tennessean L.W.

free-spending government officials from dipping into our Social Security Trust Funds after they have emptied the government treasury.

I hope I've convinced you to at least return the dollar bill to me.

I know that you've already done so much to help in our ongoing fight to preserve the Social Security and Medicare system, that I trust you won't let me down now.

We do have many good friends in Congress who will, I know, join us in this fight. And that also is symbolized by the dollar bill I sent you. On its back, the American Eagle carries a banner which reads "E Pluribus Unum".

That means: United We Stand.

If we seniors, and our friends in Congress stand united, we can be successful.

And if we act now, all of the billions-of-dollars we have invested in the Social Security Trust Fund, during our long working years, will remain safe and available to pay the benefits we depend upon.

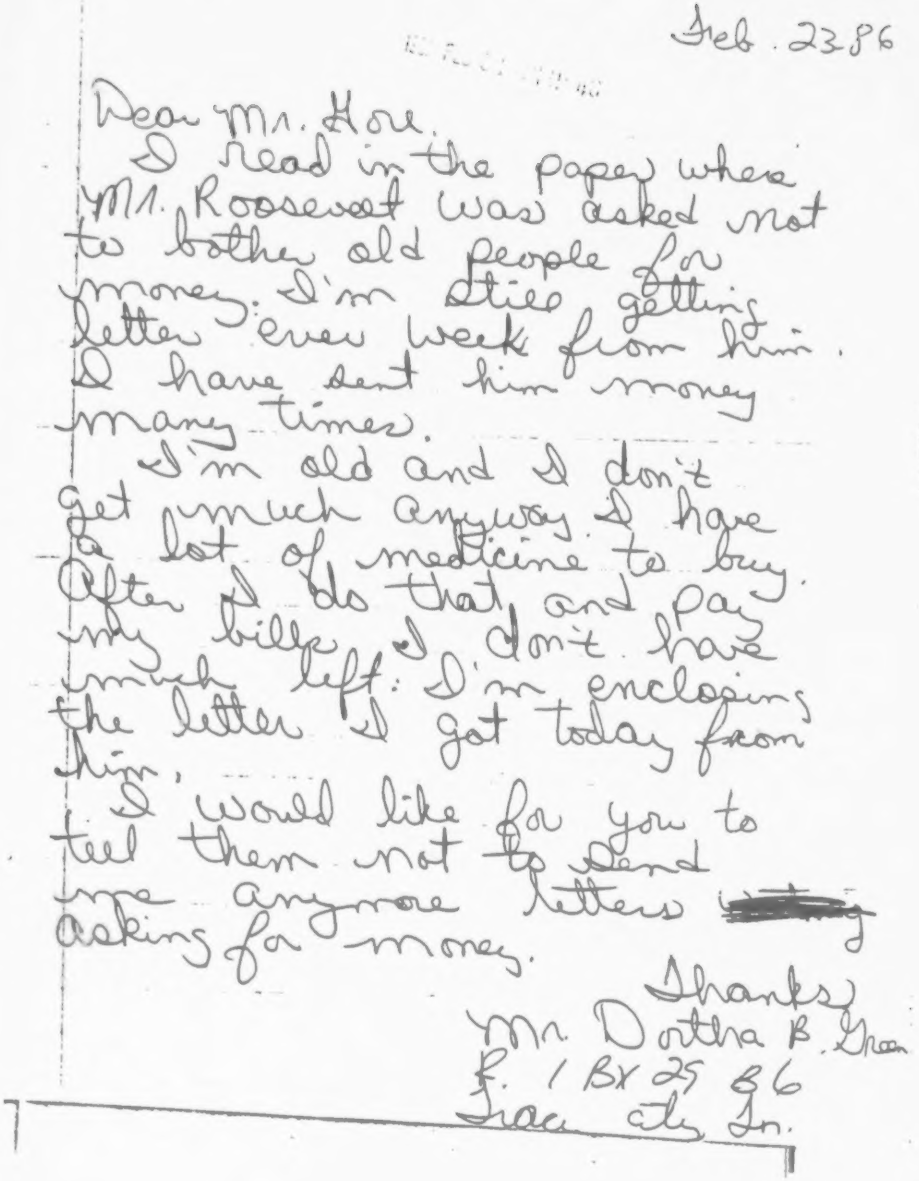
Please do your part by returning your investment of $30, $20, or even $40 today, in the First Class postage-free envelope which I've enclosed. Thank you!

Sincerely,

James Roosevelt

James Roosevelt, Chairman
National Committee to Preserve
Social Security and Medicare

P.S. I'm trusting you to at least return the dollar bill I sent you. But please support our fight to safeguard the Social Security Trust Funds, by returning your dollar bill with your contribution of $30, $20 or $40 today, in the enclosed postage-free envelope.



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Dear Mr. Gore.

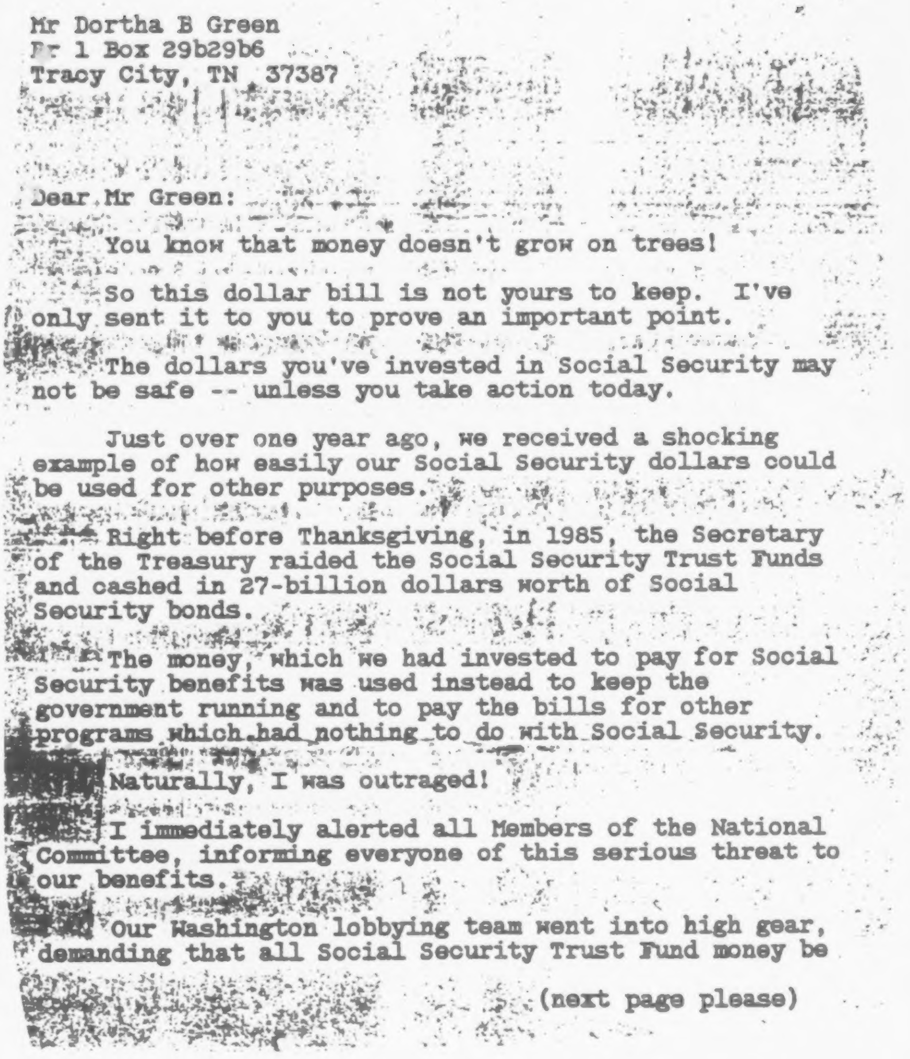
I read in the paper where Mr. Roosevelt was asked not to bother old people for money. I'm still getting letter ever week from him. I have sent him money many times.

I'm old and I don't get much anyway. I have a lot of medicine to buy. After I do that and pay my bills I don't have much left. I'm enclosing the letter I got today from him.

I would like for you to tell them not to send me anymore letters [illegible] asking for money.

Thanks,
Mr. Dortha B. Green
R. 1 Bx 25 B6
Trac cty Tn.

James Roosevelt



Mr Dortha B Green
Rr 1 Box 29b29b6
Tracy City, TN 37387

Dear Mr Green:

You know that money doesn't grow on trees!

So this dollar bill is not yours to keep. I've only sent it to you to prove an important point.

The dollars you've invested in Social Security may not be safe -- unless you take action today.

Just over one year ago, we received a shocking example of how easily our Social Security dollars could be used for other purposes.

Right before Thanksgiving, in 1985, the Secretary of the Treasury raided the Social Security Trust Funds and cashed in 27-billion dollars worth of Social Security bonds.

The money, which we had invested to pay for Social Security benefits was used instead to keep the government running and to pay the bills for other programs which had nothing to do with Social Security.

Naturally, I was outraged!

I immediately alerted all Members of the National Committee, informing everyone of this serious threat to our benefits.

Our Washington lobbying team went into high gear, demanding that all Social Security Trust Fund money be

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returned to the fund.

Your fellow National Committee Members backed us up all the way, flooding Congressional offices with letters and phone calls demanding the return of Trust Fund money.

And we won! All of the money that was removed from the Fund plus interest was replaced.

But we could not afford to rest on our accomplishments.

Immediately, we began pressing for a permanent ban on Trust Fund raids, so that our Social Security benefits can never be threatened again.

Working closely with the staffs of Senator Robert Kasten and Congressman William Clinger, your National Committee helped write the Social Security and Medicare Trust Funds Safeguard Act, and helped get 84 co-sponsors.

We then began an all out lobbying effort for this bill and other legislation which would prevent future raids on the Trust Funds.

National Committee Members sent hundreds of thousands of letters, Petitions, and post cards to Congress in support of our lobbying effort.

Our National Committee lobbyists met individually with Congressmen and Senators, urging their support for legislation to protect the Trust Funds.

Last September, I believed that victory was within our grasp.

The House and Senate formed a Conference Committee to discuss the final version of legislation to protect

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the Trust Fund.

We sent a Legislative Alert to all Members of the National Committee who were represented by Congressmen on the Conference Committee.

Our Legislative Alert asked Members to write or call their Congressman and demand the passage of this vitally important legislation to protect the Trust Funds.

You should be proud of yourself and the numerous National Committee Members who wrote letters and rang phones off the hook.

But the Members of the Conference Committee still could not reach an agreement on what was then called the Trust Funds Management Act by the end of the 1986 Session of Congress -- and the bill died.

Congress has begun its 1987 session. And we must begin work now to guarantee passage of Trust Fund protection in legislation this year.

We came very close to winning last year. If we start right now and work all year long, I am confident that our Social Security Trust Funds will be safe before the end of the year.

It is extremely important to win this battle NOW.

If we lose, government officials will retain the right to use our Trust Fund money whenever they want to.

Without legislation to stop future raids on the Funds, your Social Security dollars, like the dollar bill I have just sent you, might as well be printed in invisible ink!

But, our hard work last year has already focused

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the attention of many powerful Congressmen and Senators on this problem.

Now we must move our Capitol Hill lobbying effort into high gear and make the passage of Trust Fund protection legislation the top priority of this new Congress.

We have already tripled the size of our lobbying staff since last year.

Our lobbying team is led by Mr. Peter Hughes, who served as Legislative Counsel for the American Association of Retired Persons (AARP) for the past 17 years.

Backing up Mr. Hughes and his team of experienced National Committee lobbyists will be another flood of letters, Petitions and post cards from our Members.

But these huge lobbying campaigns cost money.

Two years ago, your National Committee spent $781,883 on a lobbying effort which successfully blocked an Administration attempt to eliminate the Social Security cost-of-living adjustment (COLA) in 1986.

And the threat to our benefits that would result from future raids on the Social Security Trust Fund still exists.

Your investment of $40 in our Trust Funds Safeguard campaign is needed to help keep Social Security out of the annual budget battle and to preserve and enhance your Social Security and Medicare benefits.

But whatever amount you send, please return the dollar bill I've sent you.

It will take every dollar we can raise to stop

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free-spending government officials from dipping into our Social Security Trust Funds after they have emptied the government treasury.

I hope I've convinced you to at least return the dollar bill to me.

Mr Green, I know that you've already done so much to help in our ongoing fight to preserve the Social Security and Medicare system, that I trust you won't let me down now.

We do have many good friends in Congress who will, I know, join us in this fight. And that also is symbolized by the dollar bill I sent you. On its back, the American Eagle carries a banner which reads "E Pluribus Unum".

That means: United We Stand.

If we seniors, and our friends in Congress stand united, we can be successful.

And if we act now, all of the billions-of-dollars we have invested in the Social Security Trust Fund, during our long working years, will remain safe and available to pay the benefits we depend upon.

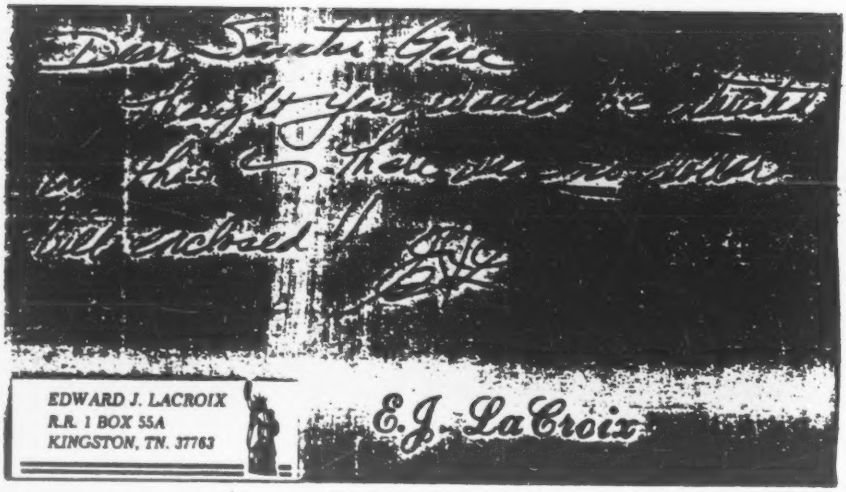
Please do your part by returning your investment of $30, $20, or even $40 today, in the First Class postage-free envelope which I've enclosed. Thank you!

Sincerely,

James Roosevelt

James Roosevelt, Chairman
National Committee to Preserve
Social Security and Medicare

P.S. Mr Green, I'm trusting you to at least return the dollar bill I sent you. But please support our fight to safeguard the Social Security Trust Funds, by returning your dollar bill with your contribution of $30, $20 or $40 today, in the enclosed postage-free envelope.



Dear Senator Gore

Thought you would be interested

in this — There are no [illegible]

bill enclosed !!

EDWARD J. LACROIX
R.R. 1 BOX 55A
KINGSTON, TN. 37763

E.J. LaCroix

James Roosevelt

10 22

Mr Edward J Lacroix
Rr 1 Box 55a
Kingston, TN 37763

Dear Mr Lacroix:

You know that money doesn't grow on trees!

So this dollar bill is not yours to keep. I've only sent it to you to prove an important point.

The dollars you've invested in Social Security may not be safe -- unless you take action today.

Just over one year ago, we received a shocking example of how easily our Social Security dollars could be used for other purposes.

Right before Thanksgiving, in 1985, the Secretary of the Treasury raided the Social Security Trust Funds and cashed in 27-billion dollars worth of Social Security bonds.

The money, which we had invested to pay for Social Security benefits was used instead to keep the government running and to pay the bills for other programs which had nothing to do with Social Security.

Naturally, I was outraged!

I immediately alerted all Members of the National Committee, informing everyone of this serious threat to our benefits.

Our Washington lobbying team went into high gear, demanding that all Social Security Trust Fund money be

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returned to the fund.

Your fellow National Committee Members backed us up all the way, flooding Congressional offices with letters and phone calls demanding the return of Trust Fund money.

And we won! All of the money that was removed from the fund plus interest was replaced.

But we could not afford to rest on our accomplishments.

Immediately, we began pressing for a permanent ban on Trust Fund raids, so that our Social Security benefits can never be threatened again.

Working closely with the staffs of Senator Robert Kasten and Congressman William Clinger, your National Committee helped write the Social Security and Medicare Trust Funds Safeguard Act, and helped get 84 co-sponsors.

We then began an all out lobbying effort for this bill and other legislation which would prevent future raids on the Trust Funds.

National Committee Members sent hundreds of thousands of letters, Petitions, and post cards to Congress in support of our lobbying effort.

Our National Committee lobbyists met individually with Congressmen and Senators, urging their support for legislation to protect the Trust Funds.

Last September, I believed that victory was within our grasp.

The House and Senate formed a Conference Committee to discuss the final version of legislation to protect

please continue....

the Trust Fund.

We sent a Legislative Alert to all Members of the National Committee who were represented by Congressmen on the Conference Committee.

Our Legislative Alert asked Members to write or call their Congressman and demand the passage of this vitally important legislation to protect the Trust Funds.

You should be proud of yourself and the numerous National Committee Members who wrote letters and rang phones off the hook.

But the Members of the Conference Committee still could not reach an agreement on what was then called the Trust Funds Management Act by the end of the 1986 Session of Congress -- and the bill died.

Congress has begun its 1987 session. And we must begin work now to guarantee passage of Trust Fund protection in legislation this year.

We came very close to winning last year. If we start right now and work all year long, I am confident that our Social Security Trust Funds will be safe before the end of the year.

It is extremely important to win this battle NOW.

If we lose, government officials will retain the right to use our Trust Fund money whenever they want to.

Without legislation to stop future raids on the Funds, your Social Security dollars, like the dollar bill I have just sent you, might as well be printed in invisible ink!

But, our hard work last year has already focused

(over, please)

the attention of many powerful Congressmen and Senators on this problem.

Now we must move our Capitol Hill lobbying effort into high gear and make the passage of Trust Fund protection legislation the top priority of this new Congress.

We have already tripled the size of our lobbying staff since last year.

Our lobbying team is led by Mr. Peter Hughes, who served as Legislative Counsel for the American Association of Retired Persons (AARP) for the past 17 years.

Backing up Mr. Hughes and his team of experienced National Committee lobbyists will be another flood of letters, Petitions and post cards from our Members.

But these huge lobbying campaigns cost money.

Two years ago, your National Committee spent $781,883 on a lobbying effort which successfully blocked an Administration attempt to eliminate the Social Security cost-of-living adjustment (COLA) in 1986.

And the threat to our benefits that would result from future raids on the Social Security Trust Fund still exists.

Your investment of $20 in our Trust Funds Safeguard campaign is needed to help keep Social Security out of the annual budget battle and to preserve and enhance your Social Security and Medicare benefits.

But whatever amount you send, please return the dollar bill I've sent you.

It will take every dollar we can raise to stop

(next page, please)

free-spending government officials from dipping into our Social Security Trust Funds after they have emptied the government treasury.

I hope I've convinced you to at least return the dollar bill to me.

Mr Lacroix, I know that you've already done so much to help in our ongoing fight to preserve the Social Security and Medicare system, that I trust you won't let me down now.

We do have many good friends in Congress who will, I know, join us in this fight. And that also is symbolized by the dollar bill I sent you. On its back, the American Eagle carries a banner which reads "E Pluribus Unum".

That means: United We Stand.

If we seniors, and our friends in Congress stand united, we can be successful.

And if we act now, all of the billions-of-dollars we have invested in the Social Security Trust Fund, during our long working years, will remain safe and available to pay the benefits we depend upon.

Please do your part by returning your investment of $15, $10, or even $20 today, in the First Class postage-free envelope which I've enclosed. Thank you!

Sincerely,

James Roosevelt.

James Roosevelt, Chairman
National Committee to Preserve
Social Security and Medicare

P.S. Mr Lacroix, I'm trusting you to at least return the dollar bill I sent you. But please support our fight to safeguard the Social Security Trust Funds, by returning your dollar bill with your contribution of $15, $10 or $20 today, in the enclosed postage-free envelope.

Chairman JACOBS. We appreciate your contribution to the record, Senator.

Tom, Representative Ridge, please proceed.

STATEMENT OF HON. THOMAS J. RIDGE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. RIDGE. Thank you, Mr. Chairman. I would ask unanimous consent that in addition to my remarks, my full statement be included as part of the record.

Chairman JACOBS. Without objection.

Mr. RIDGE. Thank you.

Mr. Chairman, as members of the subcommittee and as all Members of Congress realize and recognize in their own daily lives, political activism is certainly an inherent and integral part of our democratic process. Educating the public is something that all Members of Congress try to do. Soliciting funds for reelection campaigns is something that we all do.

So clearly, the purpose of my accepting your thoughtful invitation to make some remarks with regard to the National Committee is not to vilify specifically the committee itself, but to discuss briefly the tone, the content, and the manner in which their solicitations and frankly others have been generated over the past couple of years.

I have, as all Members of Congress have, taken the time to meet with senior citizens. We see them publicly. Many of us have had older members of our family live with us for years and years. I believe that it is safe to conclude that many of our senior citizens are exclusively dependent upon Social Security and Medicare benefits. So we see that they're extremely vulnerable.

They're vulnerable to door to door solicitations, to promises of health cures, to TV advertisements, and certainly they've been extremely vulnerable to the solicitation of the National Committee. I refer to three pieces of correspondence that my constituents and constituents around the country received over the past couple of years from this organization, and would like to quote a few lines from them.

One dealt with the Medicare patient bill of rights, and I quote: "The information on the card I have enclosed could save your life." Well, if you are a senior citizen, particularly of infirm health, limited income, concerned about your life and concerned about your ability to take care of your health care payments, it certainly is an attention grabber. During the course of that exposition of three or four pages, the graphic picture depicted through the correspondence was a scenario of many women being tossed out of hospitals, clad in pajamas, dying on their way home. It is obviously not an effort to educate, not a sincere effort to be politically active, but in my mind a view to be very very exploitive.

The picture that was promoted through this exposition was willfully and calculatingly designed to suggest that Medicare patients, in spite of the fact that it's a $75 billion program, and in spite of the fact that most Members of Congress have some concerns about DRGs, and again, a good question for continuing policy discussions, but the picture to be painted was that people were getting thrown out of hospitals right and left. It was not political activism; it's exploitation.

There's another piece of correspondence that talks or promises to restore full Social Security benefits to those born in notch years after 1916. This is the same organization that talks about preserving Social Security, the same organization that's worried about the trust fund being raided or robbed or these people being ripped off. Nowhere in any of the correspondence did they indicate that if you calculated the benefits provided in H.R. 1917, it would cost the Social Security trust fund about $193 billion just to take care of those people born between 1917 and 1921, let alone the rest of us, because the change in the formula affects the rest of us.

The rest of us being also that group who are now paying 300 or 400 percent more in Social Security taxes, and whose retirement age has been raised. So it wasn't really an educational effort there. There were a lot of half truths involved and I found it to be very inconsistent and certainly very irresponsible.

Finally, Mr. Chairman, I quote: "Right before Thanksgiving in 1985, the Secretary of the Treasury raided the Social Security Trust Funds and cashed in $27 billion worth of Social Security bonds." Absolutely true. Refresh my colleagues recollection from September, November of 1985, when we had a stalemate with regard to raising the debt ceiling limit, those trust funds were used. But nothing in that correspondence indicates or shows that once we voted in the House and in the Senate to raise the debt ceiling limit, that those funds were replaced and restored into the Social Security trust fund.

Again, you wonder whether or not it's an effort to educate or it's an effort to exploit. So while I think the letters generally highlight some concerns that many Members of Congress have about DRGs, about benefit levels, about the use in times of need of Social Security trust funds and transferring them and applying them to general purposes of the Federal Government, none of those were designed to do anything but exploit those less informed, infirm and vulnerable senior citizens most of whom live on limited or fixed incomes.

Finally, Mr. Chairman, I would recall a first amendment decision by Oliver Wendell Holmes, when he stated that freedom of speech does not allow one to yell, "fire", in a crowded theater.

I would hope that his wise words would be heard by those who would cause unnecessary panic, not only in theaters but also in the hearts and minds of so many people who depend upon Social Security and Medicare benefits. Clearly, the people operating this National Committee know better and they have a responsibility to do better.

And I thank you for the opportunity to testify today.

[Statement of Congressman Ridge follows:]

Testimony of The Honorable Tom Ridge
March 10, 1987
Committee on Ways and Means, Subcommittee on Social Security

I appreciate the opportunity to testify today. I would like to begin by saying that my reasons for accepting your invitation to testify do not include villifying the National Committee to Preserve Social Security and Medicare. On the contrary, I believe that because many senior citizens, as the National Committee correctly states, are dependent upon Social Security and Medicare benefits, political activism is very important. I also believe that educational efforts are very important. However, I do take exception with the tone and content of the "educational" materials and contribution solicitations promulgated by the National Committee. It is my hope that as a consequence of hearings such as this one, substantive changes can be made in the educational and solicitation policies of the National Committee. Misleading educational efforts designed to frighten for the purpose of generating contributions from those least able to afford them have no place in our system of political activism. Mr. Roosevelt´s letters assert that "hospitals have skimped on quality care", that "Congress has unfairly cut benefits for more than 10 million ´notch´ years", that "legislative schemes to cut the budget by drastically reducing Medicare benefits and quality medical care for Seniors will unfairly deprive those who have paid for and depend upon Medicare", and that recipients of his solicitations must "stop misguided government officials from destroying the foundations of the Social Security program." These are just a few examples of the extreme statements made in the National Committee´s mailings.

Throughout my tenure in Congress, I have received letters and phone calls to my home and offices from concerned senior citizens who have received solicitations from this group. They are terrified that their benefits are doomed; they are told that they are being ripped off by Social Security. I do not understand how an organization which calls itself a friend of the elderly can resort to such cheap scare tactics and engage in the propogation of untruths.

The Committee has laid claim to the idea that there are "rich and powerful forces who would destroy Social Security and Medicare." This type of melodramatic statement clearly implies that those of us who serve on this body are unmindful of and insensitive to the needs of the elderly. On the House side alone, subcommittees of Ways and Means, Energy and Commerce, and the Select Committee on Aging spend countless hours holding hearings and gathering information on Social Security and Medicare programs. I cannot think of any Member of Congress, on either side of the aisle, to whom the rights of the elderly are unimportant. The Select Committee on Aging has the largest membership of any standing Committee in the House. Members of Congress are busy people who do not join a committee without making a large commitment of their time and energies; obviously the concerns of the elderly are being addressed in a very significant manner.

Former Congressman Roosevelt also says that his committee is dedicated to the preservation of Social Security and Medicare. I can think of no greater threat to Social Security than the possible enactment of legislation which he endorsed during the 99th Congress, H.R. 1917, the so-called "notch" reform. Dorcas Hardy, Commissioner of Social Security, testified at an Aging Committee hearing that enactment of this bill would cost $193 billion over the next ten years alone. Not only is this bill fiscally irresponsible, but so also is the claim that "notch babies" are being ripped-off by the Social Security system. The average Social Security beneficiary gets back in benefits everything he paid into the system in twenty-one months, yet he will collect benefits for an average of fifteen years. Given these circumstances and recalling that Social Security is a transfer payment system, this hardly seems to be a rip-off.

While the so-called dangers to Social Security and Medicare are vociferously pronounced by the solicitations of the Committee, the progress made by Congress is hardly ever identified. For example, did Mr. Roosevelt´s letters ever explain the removal of Social Security from the unified budget with the signing into law of Gramm-Rudman, and that this important legislation has accelerated this change from FY 1993 to FY 1986? I do not believe that he informed the members of his organization of this important development. Obviously, educational efforts are only made to point out those "facts" which the National Committee may use to further its own goals.

In the latest mailing of which I am aware, Mr. Roosevelt encloses a dollar bill and opens with the statement that the recipient knows that "...money doesn´t grow on trees!" Yet, unbelievably, in this same letter, he goes on to solicit $20 from those who can least afford it - the elderly. Telling the recipients of this money that unless they send it back with more money of their own their Social Security benefits are threatened is not only irresponsible but also simply unethical. Additionally, I am sure that the original contributors were not aware that their dollars were going to be used in such an unorthodox fundraising campaign. If the recipient of the dollar does not, as Mr. Roosevelt asks, send it back, then it seems to me that precious dollars, donated with the understanding that they would be used to "save" benefits, are being squandered in an effort to raise even more money.

A few weeks ago, I participated in an Aging Committee hearing on Mail Solicitations to the Elderly. Only after I stated that no lobbyist from the National Committee had darkened my door did I receive a visit from an employee of the National Committee. To his credit, he admitted that he was uncomfortable with some of the literature sent by the National Committee. If the employees of the National Committee do not have confidence that the Committee is completely honest, how then can we, who are concerned for the welfare of our constituents?

There are many members of the National Committee to Preserve Social Security and Medicare, and it is important they are kept up to date on the developments of issues which are of interest to them. But I think that some of the points brought up here today might be reasons for the National Committee to examine its practices of how that information is disseminated. I am hopeful that the criticism and complaints that prompted the call for this hearing will be heeded by the National Committee. It must examine its practices and make immediate essential changes. I hope that the National Committee will take advantage of this opportunity to enhance its own credibility and influence without engaging in such unethical, unorthodox, misleading, and unsavory practices that have generated frantic calls to my office and home concerning Social Security and Medicare.

In a First Amendment decision, Oliver Wendell Holmes stated that freedom of speech does not allow one to yell fire in a crowded theater. I would hope that his wise words would be heard by those who would cause unnecessary panic not only in theaters, but also in the hearts and minds of so many people who depend upon Social Security and Medicare benefits.

Chairman JACOBS. Thank you, sir. I observe, the Chair observes that we have about 5 minutes. That means one Member can testify before we go over to vote and come back. Does anybody want to?

Mr. COATS. I would be happy to defer to my colleague, although I cannot come back after the vote.

Chairman JACOBS. Ed, are you all right?

Mr. JONES. I'll come back.

Chairman JACOBS. All right, good. Go ahead.

STATEMENT OF HON. DAN COATS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA

Mr. COATS. I thank the chairman for calling this hearing. I think it's very timely that we take up this subject.

I have submitted a written statement and in the interest of time will not read that statement. I will also try not to be too repetitive to what has already been said. I think the point is being made and being made very effectively here that what we have is a very effective lobbying organization. It's effective because all of us have received hundreds, maybe thousands of letters. We are besieged at our town meetings with questions regarding the mailings and statements of this particular group. And we're stopped on the street wherever we go asking questions about should I send my money in; what does this mean; how come they're taking away our social security?

But its effectiveness is predicated on the fact that its message is a message of only half truths, and as my colleague from Pennsylvania just said, the full story isn't being told, even though the people telling the story know better. None of us can conclude that they're doing it for any other purpose than to raise money, not educate senior citizens.

Dollars are important. Ten dollars to a senior citizen is critical. Pennies are important. People talk to me about very small raises and cost of living increases that might mean the difference between their ability to buy a gallon of milk or pay the phone bill. And yet they feel that they are compelled to send $10 to this organization every time they receive a mailing so that they can "save their Social Security."

The mailings clearly play on seniors' fears. My father, who is over 80 years old, receives these mailings and questions me every time I come home. What are you doing down there? Is our Social Security in jeopardy? He is not of the mental state that he once was, and he reacts to these mailings even though I reassure him each time that this is a money raising scheme, that the money is not going to lobby members of Congress, and that he shouldn't send his money in.

Yet, 3 months later, he's concerned all over again because he's received this latest mailing. There's a lot of confusion being sewn among our senior citizens. I don't think it's for a good purpose. I would hope that this committee would take appropriate remedial action. But more than that, I would hope that Mr. Roosevelt's group would demonstrate responsibility in the type of activity that they engage in and do what all of us know they need to do, and that is, clean up their act.

I thank the gentleman for allowing me the chance to testify.

[Statement of Congressman Coats follows:]

TESTIMONY OF CONGRESSMAN DAN COATS
BEFORE THE HOUSE WAYS AND MEANS
SUBCOMMITTEE ON SOCIAL SECURITY
MARCH 10, 1987

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE

I am pleased to appear before your Subcommittee today. Many older Americans in my district are scared and confused because they are receiving solicitations for money to protect social security and medicare benefits from groups that inaccurately characterize themselves as apolitical advocates of senior citizens. These groups, which claim to protect senior citizens' benefits, manipulate seniors into thinking that their benefits may be in grave danger. Unfortunately, these organizations promote themselves by instilling fear in senior citizens.

The main culprit in my district is James Roosevelt's National Committee to Preserve Social Security and Medicare (NCPSSM). This organization has sent letters warning seniors that their social security and medicare benefits may be in trouble, but if they contribute $10.00 to the NCPSSM this organization will work to protect these programs from insolvency.

As we all know, Congress has successfully addressed the issue of Social Security by enacting the Social Security Reform Act of 1983. According to Social Security Administrator Dorcas Hardy, there is enough money to pay benefits on time for "many years into the future," even under the most "pessimistic economic and demographic assumptions."

While Medicare has not received the same kind of major overhaul that Social Security was given a few years ago, many Congressmen, especially the members of this Subcommittee, are considering proposals to strengthen the financial condition of Medicare. It is just plain wrong to tell seniors that no one in Congress or the administration cares about the future of Medicare.

In addition, the NCPSSM claims to represent its members in Washington, D.C. Mr. Chairman, in my six years as a Representative, I have never been visited by lobbyists from this organization. The question is, what is NCPSSM doing with all of these $10.00 contributions?

Fortunately, some of my constituents are beginning to question the motives and effectiveness of this group. I would like to read excerpts from some letters I have received recently.

> January 22, 1987.
> "The attached from "Jimmy" Roosevelt is for your attention, although you may well have seen it before.
>
> "To me, this is a dastardly promotion scheme, and almost verges on mail fraud. Please keep fighting the battle against the liberal demigods."

January 6, 1987.
"This petition along with a letter explaining what could happen to our Social Security and Medicare came from an ex-congressman. Of course, I'm concerned about these programs lasting. It irks me that he's requesting $10.00 to join a National Committee for their preservation. I think you as our Congressman should work effortlessly to save these two programs which are needed by the elderly, widows, etc. Something else I'd like to bring attention to, is the repeated advertisements by famous, wealthy show persons selling insurance to supplement Medicare. These ads are annoying and tiresome. They can be alarming to someone who's alone and totally dependent on this program for their health care."

January 27, 1987.
"We are getting a lot of mail from the National Committee to Preserve Social Security and Medicare.

"Is it really in such danger. I am not too thrilled to support something advocated by James Roosevelt. However, does he have something?"

December 16, 1985.
"I get mail from James Roosevelt - said Senator Baker took $7 million from Social Security. Why does Congress let this happen?"

July 29, 1986.
"I assume you have seen this. I suggest you change your voting regarding Social Security and Medicare." (My constituent's enclosure was a voting analysis published by the NCPSSM newspaper regarding Representatives' votes on a select number of bills that had little to do with senior issues. Clearly, this survey did not accurately reflect my stand on matters affecting older Americans.)

In closing, I would like to commend this Subcommittee for bringing the misleading and self-interested practices of these groups to light. It is a sad state of affairs when organizations, especially former government officials, take advantage of older people's vulnerability. If your findings confirm the evidence of deceit and misinformation that my constituents have brought to my attention, I urge you to recommend immediate remedial action. Thank you Mr. Chairman for the opportunity to join you today for this most important hearing.

Chairman JACOBS. Thank you very much, Dan.

Representative Wise, do you want to proceed now, or do part of your statement and come back, or?

Mr. WISE. Whatever is your pleasure. I think I can get through it. Shall I do it now?

Chairman JACOBS. Yes, we have about 2 minutes before we should go over to the floor. Why don't you get started and if the throng has not left you in 2 minutes, we'll come back and you can continue with it.

Mr. WISE. I hope not to be too much longer than that.

STATEMENT OF HON. ROBERT E. WISE, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WEST VIRGINIA

Mr. WISE. In listening to Mr. Coats speak, he was referring to the November 9, 1985, letter in which the Roosevelt organization made a series of statements about the status of the Social Security trust fund. It's the first time I'd ever seen the example of how two rights can make a wrong, because there were two sort of half right statements that arrived at absolutely the wrong conclusion.

But we've heard the list of horrors and I won't go through it, except that I'd like to point out what the problem is, and I think the problem really is this: It's not just James Roosevelt's organization, although this is all from his. It's National Express, for No. 1, it's National Express here, Business Reply, formal looking documents, business reply, express gram, that was the one I really liked, comes with the express gram enclosed and which you can also enclose $16.02, the extra $1.02 is to help them with postage.

Here's the November 9 letter, just in case it doesn't get there quick enough, here's the jet letter, and just in case you're still a little not completely confused, here is the dated material enclosed national express deliver only to, and of course we have another urgent Social Security and Medicare information enclosed. That's all from one organization.

This organization in 1 year sent something like 25 mailings, of which well over half were fund raising appeals. Regarding the mailing that Senator Gore referred to, with the dollar enclosed, this goes to a mailing for the FDR Memorial Social Security and Medicare Building, for which they're building up a building fund. It would seem to me that even half of the $21 million spent last year on direct mail could go towards a very nice building, and I do hope that the Roosevelt organization will comment or what they're going to do with the interest earned on this money if indeed the building is not built and the money is refunded.

The response by the Roosevelt organization says Members of Congress should expect a certain number of complaints from this wide range of mailings that they do, saying that it would be routine to expect 50 to 60 inquiries to every Member of Congress when they're mailing out 45,000 letters.

I've been in this job 4 or 5 years now and never had a response such as what comes after every Roosevelt mailing.

Finally, Mr. Chairman, let me just note that the argument is used, that everyone else does it, including Members of Congress, Democrat and Republican national committees, other fund raising groups. That's true, but they don't do it as effectively and they don't do it as systematically. And what bothers me is that it is true that the Roosevelt organization now has millions of dollars raised, now hiring lobbyists, now hiring lawyers, they have those already, now hiring consultants.

But I've never seen an organization that can do less with more, and in terms of their credibility on Capitol Hill, there is none. And in terms of what they've personally done to change Capitol Hill's opinion, they simply haven't.

In terms of what can be done, I would call attention to the legislation that Congressman Boehlert and I have introduced requiring greater financial disclosure at the Federal level for nonprofit organizations. Thirty-one States presently have these type of requirements. Our State of West Virginia has a similar financial disclosure law and I think this would go a long way toward letting people see exactly where their money is going.

Thank you, Mr. Chairman.

[Statement of Congressman Wise follows:]

OPENING STATEMENT
CONGRESSMAN BOB WISE

HEARING ON DIRECT MAIL SOLICITATIONS
THAT TARGET THE ELDERLY
WAYS & MEANS SUBCOMMITTEE
ON SOCIAL SECURITY

March 10, 1987

MR. CHAIRMAN: I am grateful for the opportunity to testify on this important issue. As you may be aware, direct mail solicitation of the elderly has been a matter of great concern to me over the past couple of years. I am pleased that after this long period Congress is finally turning its attention to this matter. This hearing is an essential part of this process.

There are a number of components to this problem. Initially, concern was focused on organizations that used mailers which resembled government documents and offered services for a fee that the government already provided at no charge. Presently, attention is being focused on groups, particularly the National Committee to Preserve Social Security and Medicare, that barrage seniors with threatening and distorted mailings. Unfortunately, Mr. Chairman, I think there is also a future to this discussion. I am increasingly concerned over the number of organizations that are selling medigap insurance and term life insurance policies, both through the mail and the broadcast media.

I am pleased that Mr. Roosevelt is here today to testify. His organization has been the subject of much criticism, both by myself and other Members of Congress, and I am sure he is grateful for the opportunity to state his side of the story. I would say to Mr. Roosevelt personally, that I feel the National Committee has made a number of steps in the right direction but I still see a number of problems. His organization is still sending out an incredible number of mailings — 28 in 1986 of which 22 were solicitations. I am still seeing too many National Express and Jet Mail mailers, too many envelopes marked "Confidential Election Documents" and too many mailings with questionable and misleading rhetoric.

Last year, the National Committee sent out a mailing for the F.D.R. Memorial Social Security and Medicare Building. I am sorry that with all the money they received from the elderly last year, the National Committee feels that they need to set-up a distinct building fund. It would seem to me that even half of the $21 million that was spent last year on direct mail would build a very nice building. In his letter, Mr. Roosevelt does mention that if the needed funds are not raised the contributions will be returned. I wonder if the interest earned on this money will also be refunded.

On February 4th, 1987, the House Aging Committee conducted a hearing that examined the issues we are discussing here today. At this hearing, the National Committee submitted a comprehensive and detailed statement outlining their position. I would like to mention several aspects of this statement that are important in the discussion of the solicitation of the elderly.

The National Committee criticizes the concern that Members of Congress have shown over these direct mail tactics and their effects on senior citizens. They argue that it is condescending to assume that senior citizens are not intelligent enough to see through the message of a direct mail piece. More bluntly, they state that "'elderly' does not mean 'stupid.'"

This argument ignores one fact. My interest in the activities of the National Committtee did not come out of thin air. I did not wake up one morning and say today I am going to get the National Committee. My interest arose because senior citizens on a continual basis have asked me if this group is legitimate, if they should send a contribution or, in some cases, they have sent me checks asking me to save their social security benefits. I am not saying that I have been contacted by thousands or even hundreds of senior citizens, but the concern has been continuous and, inevitably, in any meeting I have with senior citizens someone will ask me about the National Committee. It is not Members of Congress who have been condescending towards the elderly, it is the National Committee who think that we should ignore the confusion of our constituents.

In their statement, the National Committee mentions that their most recent mailing was sent to 20 million homes. They go on to elaborate that this is 45,000 homes in each Congressional District and that they would expect an average of 50-60 inquiries to each Member of Congress of which 10-15 would be complaints. I have a great problem with this reasoning. For one thing, the National Committee sent out nearly 30 mailings last year. Does that mean I should expect 300-450 complaints this year? I sincerely hope not.

The National Committee has once again missed the point. There are hundreds of thousands of public interest groups in this country and I am sure many of them use direct mail to raise funds. Yet, I only receive complaints on mailings that affect senior citizens. If the National Committee's analysis holds true, I should receive mail any time a public interest group sends out a large mailing, but I don't. The National Committee states, "that a certain number of inquiries is a function of the magnitude of any large direct mailing program." My experience shows that this function is almost exclusively limited to the National Committee's mailing program.

From criticism we need to move towards solutions. I have mentioned previously that perhaps the Social Security Administration should receive advance copies of direct mail solicitations and check the copy for accuracy. Alternatively, I have proposed that an independent panel could be created that would draft a code of ethics for organizations. Such a panel could be comprised of consumers, senior citizens, Social Security and Medicare experts, Congressional experts and others.

Currently, I am working with my colleague from New York, Representative Sherwood Boehlert, on legislation that would require greater financial disclosure for non-profit organizations. Using guidelines that were adopted by the National Association of Attorneys General, our legislation would require that non-profit groups disclose their fundraising contracts. In addition to disclosing the terms of such contracts, organizations would be required to reveal the extent to which their revenues went to paid fundraisers and solicitors. It is our intention that the disclosure of this information would be added to the 990 Forms that all non-profit organizations must file with the Internal Revenue Service.

Both Congressman Boehlert and myself feel that the disclosure of such information would be in the interest of the public. It would reveal exactly how much of an individual's contribution was going to paid solicitors and how much was going to the organization. I would suspect that groups that state they spend a low percentage of their revenues on fundraising, in actuality pay a large sum in fundraising expenses. I would be interested in the National Committee's opinion of such a proposal.

Mr. Chairman, once again I thank you for this hearing. My experience has shown me that the elderly in my district are still very much concerned with this issue and they are looking to Congress for guidance. I am hopeful that we can begin to live up to these expectations.

Chairman JACOBS. We're in recess. I want the record to show before we leave that this witness, Mr. Wise, is probably as well qualified to speak on the problems of seniors as any Member of the Congress, having devoted his law practice before he came to Congress, I suppose a very substantial percentage of it pro bono, to the representation of the elderly.

We'll recess and come back 8 minutes after the final vote is cast. [Recess.]

Chairman JACOBS. The subcommittee will reconvene.

Before the next witness is announced, Representative Crane has some questions to submit for the record. I'm not just sure to whom they're directed but it will speak for itself, and the staff will endeavor to obtain responses to his questions.

Without objection, those questions will be included. [See page 266.]

Chairman JACOBS. And it is a pleasure to welcome to the committee now our colleague, Ed Jones from Tennessee, who knows a lot and doesn't take long to say it, right?

STATEMENT OF HON. ED JONES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TENNESSEE

Mr. JONES. Thank you very much, Mr. Chairman.

Prior to the recess for the vote, I was here and heard a great deal of very very fine testimony. Mr. Chairman, I'd like to ask unanimous consent that I be associated with the very fine statements that have been made about this program today.

Chairman JACOBS. There is not the slightest possibility there would be any objection to that.

Mr. JONES. Mr. Chairman, I appreciate you providing me the opportunity to be here today to discuss what I feel is a terrible injustice to the elderly people of our country: namely, the misleading solicitation of funds from the elderly by organizations such as the National Committee to Preserve Social Security and Medicare.

Mr. Chairman, I know that this may sound harsh and judgmental toward an organization that sets its goal at saving our Social Security system, but Mr. Chairman, I have talked personally with many constituents who are literally scared to death of losing sometimes the only benefit that they have, Social Security.

Where do they get the idea that Congress is trying to not only reduce their Social Security benefits, but eliminate them? The National Committee to Preserve Social Security implies as much as that through their extensive mailings.

The implication conveyed to senior citizens is if they do not contribute to the National Committee to Preserve Social Security, they cannot defeat the so-called rich and powerful forces who would destroy Social Security and Medicare.

Mr. Chairman, this kind of deceptive language needlessly frightens the citizens of our nation. Many have contributed money to this organization from meager and limited resources to avoid what they have been led to believe would happen if they do not, ultimately losing their Social Security benefits altogether.

This kind of solicitation is wrong. It seems to me that an organization that prides itself on representing the elderly would certainly be more sensitive to the financial strain under which most Social Security beneficiaries find themselves. No organization should be allowed to use scare tactics solely for its fundraising efforts. People who have worked hard all their lives and who are now in their last years, deserve better than that.

As a Member of Congress, I resent having an organization not only solicit funds from my elderly constituents in a deceptive manner, but using my name to do so. I've had personal conversations with elderly people who literally believe that they should send their well-meaning contributions to my office. Again, this implication is clear in the mailings to them.

If they do not contribute to the NCPSS, their Social Security benefits are in jeopardy. I hope, Mr. Chairman, that Mr. James Roosevelt and his organization will listen to our statements and stop threatening our senior citizens with the loss of their Social Security benefits. Maybe then they can actually help improve the Social Security system instead of frightening older Americans for their own purposes.

Thank you, Mr. Chairman, and members of the committee.

Chairman JACOBS. We thank you for your contribution, Congressman Jones.

Mr. Moody?

Mr. MOODY. No questions, Mr. Chairman.

Chairman JACOBS. Mr. Daub?

Mr. DAUB. No questions, except to thank the gentleman, my good friend, for being here and for his supportive and useful testimony today.

Chairman JACOBS. Mr. Pickle, do you want to ask Ed any questions?

Mr. PICKLE. Delighted to see my friend.

Mr. JONES. Thank you very much.

Chairman JACOBS. That's an answer.

Our next scheduled witness, if all the members have completed their statements, as I believe they have, is the Commissioner of Social Security, the Honorable Dorcas Hardy.

Ms. Hardy, if you would come forward. If you have a formal statement and would like it included for the record, it can be, but you know how it goes.

Go ahead.

STATEMENT OF HON. DORCAS R. HARDY, COMMISSIONER OF SOCIAL SECURITY

Ms. HARDY. Thank you, Mr. Chairman. It's my pleasure to be here.

I have submitted a statement for the record, which I would like to highlight for you.

I appreciate the opportunity to discuss the Social Security Administration's concerns about misleading and deceptive advertising and solicitation practices that prey upon the vulnerability of the Nation's elderly and disabled, and also those that may damage confidence in our Social Security system and encourage people to pay for services that the Social Security Administration provides free of charge.

Let me clarify at the outset that I'm not concerned with the vast majority of direct mailings which are used by nonprofit organizations and American businesses. What I am concerned about are the exceptions—those few organizations, individuals, and businesses whose Social Security-related mailings are misleading and are deceptive.

The most disturbing are the solicitations of certain organizations that, as part of their fund raising appeals, raise false doubts about the Social Security system's financial stability and falsely suggest that there are serious efforts underway to reduce Social Security benefits. The solicitations do instill fear among older Americans, and then they prey on that fear. At best, they cause the elderly needless worry. And at worst, they may frighten older Americans into believing that, if they fail to contribute, they may lose their Social Security benefits. Moreover, these solicitations fly in the face of our efforts to educate the public about the financial soundness of the Social Security system and to restore—what I consider very important—public confidence in that system.

I'm also concerned about advertising by certain companies that, for a fee, offer to help people apply for a Social Security number, get a replacement card when they change their name or get a record of their earnings. These advertisements mislead people into paying for services that SSA provides free of charge, and they also foster a false impression that Social Security does not provide certain important services or that it's difficult for the public to obtain them.

Now, whenever misleading advertisements and solicitations come to our attention, we contact the businesses or the organization sponsoring them, and we seek their cooperation to change the practice. Many of the businesses that offer to assist people in obtaining our services have agreed to disclose in their advertising that SSA services are provided free of charge. They have agreed to take out "Social Security" in their titles, and to make a clear statement that they're not affiliated with the Federal Government.

If we can't get a business or an organization to agree to comply voluntarily, we then consider referring the matter to other authorities for further action. The Postal Service, as you know, has on occasion taken action against organizations and businesses whose mailings contained gross misrepresentations about Social Security. In addition, we're meeting with associations which represent the direct mail industry to become familiar with the breadth of and the adherence to standards for advertising and solicitations that affect senior beneficiaries.

In my view, however, as has been pointed out here today, a very well-informed public is the best defense against deceptive direct mail practices, and one of my highest priorities has been, and will continue to be, to educate the public—and particularly young workers—about Social Security. I want to drive home to them the message that Social Security is currently financially sound and can be relied upon to meet its obligations to today's beneficiaries, and to workers who are building protection for the future.

To publicize the availability of our services, which are provided free of charge, we have distributed to our field offices materials that they can include in local advertisements, news releases, et cetera.

I think, as you are aware, our service to the public is a very high priority for all of us. We have taken the opportunity to improve that through scheduling of interviews, experimenting with extended office hours, different ways of conducting our business, more use of telephones, et cetera.

So, in closing, Mr. Chairman, I'd like to applaud the efforts of this subcommittee to promote public awareness of deceptive advertising and solicitation practices, and I assure you that the Social Security Administration will continue to try to do its part as well.

Thank you very much.

[Material submitted subsequent to the hearing has been placed in appendix A in the back of this document. The statement of Commissioner Hardy follows:]

STATEMENT OF DORCAS R. HARDY, COMMISSIONER OF SOCIAL SECURITY

Mr. Chairman and Members of the Subcommittee: I am pleased to appear before you today to discuss the concerns of the Social Security Administration (SSA) about misleading and deceptive advertising and solicitation practices that prey on the vulnerability of the Nation's elderly and disabled, damage confidence in our Social Security system and encourage people to pay for services that SSA provides free of charge.

First, Mr. Chairman, let me clarify that we are not concerned about the vast majority of direct mailings used by nonprofit organizations to solicit contributions for the support of their charitable and political causes and by American businesses to promote the sale of their products and services. The organizations about which we are concerned are the exceptions—those few organizations, individuals and businesses whose Social Security-related solicitation and promotional practices are intolerably misleading and deceptive.

FUNDRAISING ORGANIZATIONS

Foremost among the direct mail solicitations of concern to the Social Security Administration are those that seem to be aimed principally at the aged and that appeal for contributions ostensibly for the purpose of lobbying against efforts to reduce Social Security benefits. These fundraising appeals are disturbing for a variety of reasons.

They are disturbing because they are based on two false premises: that the Social Security system is not financially stable, and that there are serious efforts underway to reduce Social Security benefits or otherwise dilute the protection that they provide.

They use these false premises to instill fear among older Americans and then prey on that fear. At best, this tactic can cause unnecessary worry among the elderly. At worst, it has the potential to frighten older Americans into making contributions they think essential to protect their Social Security benefits.

Finally, these appeals are disturbing because they make more difficult our efforts to educate the public about the financial soundness of the Social Security system and to restore public confidence in the system.

Mr. Chairman, I have set as one of my top priorities the restoration of public confidence in the Social Security system—confidence among 37 million current Social Security beneficiaries and 125 million workers that the system will meet its obligations in the future as it had, without interruption, for the past 47 years.

As you know, the American people's confidence in the Social Security system was badly shaken in the late 1970's and early 1980's. The economic circumstances of that period threatened to deplete the assets of the Social Security trust funds, and there were serious doubts about the system's ability to pay benefits on time.

Fortunately, that situation is history today. Dedication and hard work on the part of the President, the Congress and the National Commission on Social Security Reform culminated in 1983 in the enactment of major reforms to restore the financial stability of the old-age, survivors and disability insurance trust funds. Moreover, the economic conditions that threatened the financial well-being of the Social Security funds prior to 1983 have virtually been eliminated in the economic climate fostered under the leadership of President Reagan. As a result, according to the 1986 report of the Board of Trustees of the old-age, survivors and disability insurance trust funds, the assets of the funds are sufficient to pay benefits on time well into the next century even based on our most pessimistic economic and demographic assumptions.

Despite the efforts of so many to assure that the Social Security system is soundly financed, elderly Americans continue to receive fundraising appeals suggesting that their Social Security benefits could be lost unless they contribute to an organization dedicated to protecting their interests.

ORGANIZATIONS PROVIDING SOCIAL SECURITY-RELATED ASSISTANCE FOR A FEE

We are also concerned about the solicitation practices of certain "document service" companies that offer fee-based assistance in such services as applying for a Social Security number, updating SSA records to reflect a married person's change of name or requesting a record of a worker's earnings.

As you know, SSA does not charge for providing for these services. Moreover, the document services themselves really contribute very little to the process. The forms that they ask their users to complete are essentially identical to the forms SSA uses; the document services act as intermediaries in processes that simply do not require third-party assistance. In fact, the practical effect of third party intervention may be to delay the process.

Our primary concern about these services is their potential to mislead people into paying for services that SSA provides free of charge. We are also concerned about their potential to foster a false impression that SSA does not provide certain essential services or that it is difficult for the public to obtain them.

USE OF STATIONERY SIMILAR TO THAT USED BY THE FEDERAL GOVERNMENT

A number of the fundraising organizations and document services are engaged in the questionable practice of using envelopes similar to those used by the U.S. Government and stationery with an official-looking seal or emblem. Some of the envelopes we have seen go so far as to include the legend "Buy and Hold U.S. Savings Bonds." Recipients may easily be misled through these devices to assume that the correspondence they receive was prepared by or carries the endorsement of the Federal Government. In fact, a number of our field offices have reported that people have come in to inquire about the literature they received or to make a contribution to protect their Social Security benefits.

RESPONSE TO MISLEADING ADVERTISEMENTS AND SOLICITATIONS

Whenever these practices come to our attention, we contact the businesses or organizations sponsoring them, point out our problems with their literature and seek their voluntary cooperation to change the objectionable practice. In this way, we have succeeded in getting many of the businesses offering Social Security card and earnings statement assistance to state in their material that SSA provides these services free of charge. We also have had some success getting businesses and organizations that use the phrase "Social Security" in their titles to modify their literature to state clearly that they are not Government agencies and have no affiliation with the Social Security Administration. Finally, we have succeeded in getting some businesses and organizations to agree to delete from their literature statements about Social Security that were either false or outdated.

If we are unable to obtain voluntary compliance from a business or organization, we then consider referring the matter to the Federal Trade Commission or to the U.S. Postal Service for further action. The Federal Trade Commission is empowered by law to prevent "unfair and deceptive acts or practices in commerce." The Postal Service is empowered to enforce mail fraud statutes and to take action under the postal false representations statute to prevent the mails from being used to obtain something of value through misrepresentation.

The Postal Service has, on several occasions, successfully taken action against organizations and businesses whose direct mailing practices have included gross misrepresentations about Social Security. In addition, we are meeting with associations which represent the direct mail industry to get a better feel for the breadth of and adherence to standards for advertising and solicitations that affect senior beneficiaries.

SSA PUBLIC INFORMATION AND PUBLIC SERVICE ACTIVITIES

However, in my view, the most effective defense against misleading and deceptive direct mail solicitation and advertising practices is a properly informed public. In that regard, I would like to share with you a brief overview of some of the things SSA is doing to promote public confidence in the system and to improve its services to the public.

We are working closely with the Advertising Council—a private, nonprofit group supported by American business and advertising interests that conducts national public service advertising campaigns—to develop a Social Security advertising campaign. Our goals are to educate the public—and particularly the young worker—about the Social Security programs and the protection they provide. We want to drive home the message that the Social Security system is currently financially sound and can be relied upon to meet its obligations, not only to today's beneficiaries, but also to those in the workforce who are building protection for the future.

We have distributed to all of our field offices public affairs materials that include posters, public service advertisements and draft news releases that may be used to publicize the fact that SSA provides services free of charge. In this way, we have provided some of the tools to diminish the impact of deceptive advertising directly to those who are likely to be the first to become aware of these practices. In addition, we will soon be distributing audio- and video-taped public service announcements for use by local broadcasters.

We are also working on several fronts to improve SSA's service to the public. We are exploring innovations in the way we do business: scheduling interviews in Social Security offices to reduce waiting times, experimenting with extended office hours to serve those who have difficulty conducting business with us during regular working hours and promoting the broadest possible use of the telephone as an alternative to walk-in office visits.

Additionally, by the end of 1988, SSA's claims process will be automated. Every Social Security office will be making full use of the efficiencies that state-of-the-art computer technology has to offer. When this system is fully implemented, all of our field offices will have fast, easy access to individuals' records in Baltimore. We will be able to respond more quickly to beneficiary inquiries and, by improving claims processing, will be able to get payments more quickly into the hands of new beneficiaries.

With the cooperation of local school systems, we have also adopted innovations in the process for issuing Social Security numbers to school children. We have sought to make it as easy as possible for parents to get Social Security numbers for their children before next year's tax filing season, when the parents will be required to show the Social Security numbers of dependent children age 5 and above on their tax returns.

Finally, we are working on providing to workers a more complete statement of their earnings and a more realistic estimate of potential retirement, survivors and disability benefits based on those earnings. This will give workers a much better picture of the benefits they and their families can expect to receive under Social Security. We will begin providing these statements on a test basis in 1987. Further, in 1988 we will provide retirement beneficiaries with a statement that shows their estimated lifetime contributions and Social Security benefits received to date.

CONCLUSION

In closing, Mr. Chairman, I want to applaud the efforts of this subcommittee to promote public awareness of these deceptive practices by holding this hearing and to assure you that we at SSA will continue to do our part as well.

That concludes my statement, Mr. Chairman. I will be happy to answer any questions you or the other members of the subcommittee may have.

[Exhibits submitted to the subcommittee in advance of the hearing follow:]

Organizations Soliciting Funds or Selling Services

Background on each organization, examples of SSA correspondence with the organizations and their ads and/or solicitations are tabbed by organization as follows:

Tab 1	Bureau of Social Security Services Plan (BSSSP)
Tab 2	Federal Document Service/Document Services/Arinel Vital Statistics
Tab 3	Federal Records Service (FRS)
Tab 4	Franklin House
Tab 5	National Committee to Preserve Social Security and Medicare (NCPSSM) (Roosevelt)
Tab 6	National Social Security Verification Administration (NSSVA)
Tab 7	Plastic Card Center (PCC)
Tab 8	Security
Tab 9	Senior Security Network (SSNet)
Tab 10	Social Security Monitoring Service (SSMS) (Chadline, Inc.)
Tab 11	Social Security Protection Bureau (SSPB)
Tab 12	William L. Walton, Associates, Inc.

Background Material
Supplied by the
Social Security Administration

Tab 1

January 1997

Dear Friend:

When you toss this note into the wastebasket, you could be tossing $120,000.00 away with it.

Because -- that's what your Social Security benefits would be worth if you retire at 65 -- if you qualify for $500.00 a month -- if you live for another 20 years -- and if you could collect.

Your benefits could actually be more, or they could be less. It depends on how much you qualify for and for how long you live.

Regardless -- you just might not be able to qualify for any Social Security Benefits because of an error or mistake in your account. You could walk away from the table -- from years of hard work with zero.

Think it can't happen? How certain are you that Social Security got a payment everytime you got a paycheck? That your name and number match the card in your wallet?

Think about it.

If you have any doubts at all -- even the slightest -- perhaps you should think again about enrolling in our Bureau of Social Security Services Plan. Spending $12 sure beats losing $120,000.00.

Or more.

A-T

A-2

Dear Social Security Contributor:

It is no exaggeration to suggest that the action you take during the next five minutes could save you tens of thousands of dollars in lost Social Security benefits.

Because you now have the opportunity to enroll in the Bureau of Social Security Services Plan. This Plan enables you to conveniently verify the accuracy and completeness of your Social Security account.

As a working American, you automatically contribute to Social Security.

And -- just as automatically -- you assume this transaction is being handled with routine efficiency.

Unfortunately, this is not always the case. In fact, there are millions of Social Security accounts that are either incomplete or inaccurate, or both.

The General Accounting Office focused on this situation not too long ago. Calling attention to the fact that, in 1982 for instance, Social Security was unable to post 4.7 million items. Because names and numbers didn't match, or names and numbers were incorrect.

It all adds up to you being in grave danger of losing Social Security benefits -- retirement income -- the dollars you need for a comfortable, financially secure life. Your Medicare and disability benefits are also at risk.

Why doesn't the government do something about the situation?

It does. But only when you ask the Social Security Administration to do so. Only when you call their attention to the mistake in your account.

This is the law.

You have to tell the Social Security Administration that the wrong amount of money has been posted to your account, or that your name is mispelled or incomplete, or that your name and number don't match. It's up to you to catch the mistake, then have it corrected.

Here's the real catch. You have only 3 years, 3 months and 15 days in which to spot an error after is has been made, then to have it corrected. After that, it stands.

That's why this Bureau of Social Security Services Plan is so important to busy working Americans like yourself.

It enables you to quickly, and almost effortlessly check your Social Security account -- to verify that it is both complete and accurate. Or -- to promptly start the ball rolling on any necessary corrections.

And you can become a member in minutes.

As soon as we receive your Enrollment Certificate, we will mail your membership kit. This kit contains your official Bureau of Social Security Services application for a Social Security account statement. Fill this out, then mail it back to us.

That's all. We'll take it from there. Expediting your request through official channels, saving you the time in dealing with the federal government.

Should you find an error which you're unable to resolve, you will be referred to qualified counsel.

Here's more good news.

You can become a member of the Bureau of Social Security Services for just $12 a year. Acting right away, you can receive this valuable service -- plus the additional six services described in the enclosed folder -- for the introductory price of $12. You can also enroll your spouse for this same price!

Imagine the peace-of-mind -- knowing your account is up-to-date -- complete and accurate. Instead of guessing that everything is alright, you know it is.

Take this small first step now. Fill out the enclosed card, then slip it into the envelope provided, together with your payment of $12.

You could be saving yourself tens of thousands of dollars in lost Social Security benefits.

Cordially,

D Beattie

D. Beattie
Program Coordinator

A-T

since . . .7, Social Security has been unable to post 153 million items representing some $80.2 billion in wage credits to workers' accounts. Information available indicates that, in 1982, 4.7 million items were unposted."

—Complete and Accurate Information Needed in Social Security Automated Name and Number Files, HRD-82-18, (April 28, 1982), US General Accounting Office.

Official Social Security Account Statement.

Your employer is responsible for withholding, then transmitting your Social Security contribution to the Social Security Administration.

The Social Security Administration is responsible for maintaining an up-to-date, accurate and complete file of your contributions.

But you are responsible for the accuracy and completeness of your account -- for catching, then correcting any errors or mistakes made by either your employer or the Social Security Administration.

The Bureau of Social Security Services Plan enables you to conveniently and personally verify the accuracy and completeness of your account. To promptly initiate any changes, revisions, additions, or corrections that may be necessary.

The
Bureau of
Social Security
Services
Washington, DC

Not affiliated with the U.S. Government

The Bureau of Social Security Services Plan

Washington, DC

Member services and benefits

Enroll in the Bureau today to help safeguard one of your most precious personal assets— your retirement benefits.

Enroll today.

Enroll in the Bureau of Social Security Services Plan today. Just complete the enclosed Enrollment Certificate, and mail it with your payment in the postage-paid envelope. It only takes a minute!

Verification of Social Security account accuracy.

Our service allows you to quickly and almost effortlessly verify the accuracy of your Social Security account.

Permanent personal Social Security card.

Your official Bureau Social Security card is reproduced in durable plastic. This wallet-size card stands up to wear and tear, and is less likely to be lost or misplaced.

$1,000 reward.

A $1,000 reward will be offered for information leading to the arrest and conviction of anyone making illegal use of your card.

The Bureau's Social Security guide.

Shows how your retirement income benefits are calculated. Also covers Medicare benefits, survivors' insurance, and disability payments for yourself and your family.

Official members' newsletter.

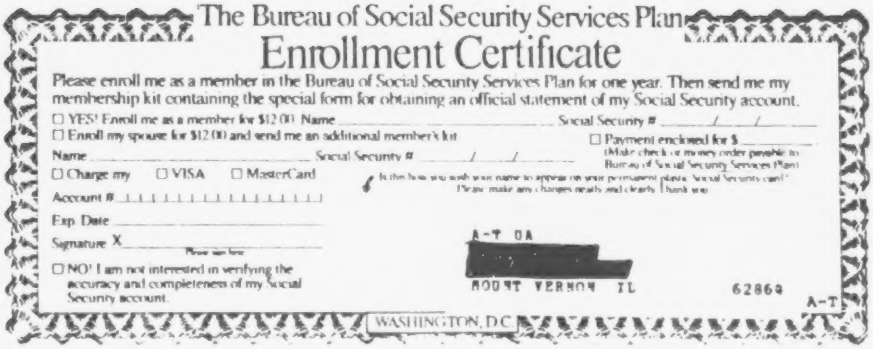
Keeps you current on Social Security legislation, changes, additions, and interpretations. It also gives you easy-to-understand explanations of key Social Security regulations.

On-the-scene representation in Washington.

As a member, you have representation in Washington, D.C., and alert to attempts to change, reduce or modify your benefits.

Legal assistance in correcting a mistake in your account.

In the event that a lawyer is needed in correcting your account, you will be referred to qualified legal counsel.



The Bureau of Social Security Services Plan

Enrollment Certificate

Please enroll me as a member in the Bureau of Social Security Services Plan for one year. Then send me my membership kit containing the special form for obtaining an official statement of my Social Security account.

☐ YES! Enroll me as a member for $12.00. Name __________ Social Security # ___/___/___

☐ Enroll my spouse for $12.00 and send me an additional member's kit

Name __________ Social Security # ___/___/___

☐ Payment enclosed for $ ______
(Make check or money order payable to Bureau of Social Security Services Plan)

☐ Charge my ☐ VISA ☐ MasterCard

Account # __________

Exp. Date __________

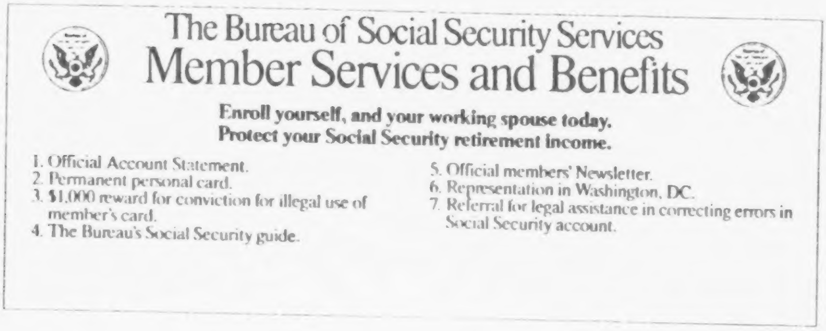
Signature X__________

☐ NO! I am not interested in verifying the accuracy and completeness of my Social Security account.

Is this how you wish your name to appear on your permanent plastic Social Security card? Please make any changes neatly and clearly. Thank you.

A-T DA
[redacted]
MOUNT VERNON IL 62864
A-T

WASHINGTON, D.C.



The Bureau of Social Security Services

Member Services and Benefits

Enroll yourself, and your working spouse today.
Protect your Social Security retirement income.

1. Official Account Statement.
2. Permanent personal card.
3. $1,000 reward for conviction for illegal use of member's card.
4. The Bureau's Social Security guide.
5. Official members' Newsletter.
6. Representation in Washington, DC.
7. Referral for legal assistance in correcting errors in Social Security account.

Tab 2

FEDERAL DOCUMENT SERVICE
2025 I STREET, SUITE 106
WASHINGTON, D.C. 20006

Federal Document Service has acquired and completed the enclosed Social Security Card Application Form for you.

It is necessary for you to forward the form to the Social Security Administration. Before you do so it is necessary for you to do the following:

1. Complete any questions on the application form (p.3) which have not been answered. If you do not know the answer, write "unknown". If you are uncertain about how to answer a question, refer to the instructions on page 2.
2. Read over the completed application form (p.3) and correct any answers if necessary.
3. Sign your name on page 3, Item #13.

The Social Security Law requires that you furnish certain documents along with your application. You must forward the following along with your application:

1. The original certified copy of your marriage certificate.
2. For foreign born and non-U.S. citizens only: You must also submit evidence of your current U.S. citizenship or alien status. If you are not a U.S. citizen, your Green Card is sufficient evidence, otherwise you must submit evidence of your U.S. citizenship.

Forward the the application form along with the proper documents to the Social Security Administration using the enclosed pre-addressed envelope. Please send your original documents, not photocopies. They will be returned.

You will be issued a Social Security Card with your new name. If you have never had a Social Security Card before, you must come to your local Social Security Office in person.

If you have any questions, please contact your local Social Security Office.

Federal Document Service

FEDERAL DOCUMENT SERVICE
2025 I STREET SUITE 106
WASHINGTON D.C. 20006

IMPORTANT

Please address the enclosed envelope to your nearest Social Security Administration Office when returning your application form. Several S.S.A. office addresses are listed below. If an office near you is not listed here, please consult your telephone directory for the address of your local S.S.A. office.

FLORIDA

Miami Beach
311 Lincoln Rd
Miami Beach, FL 33139

Miami South
P.O. Box 431780
Miami, FL 33243

Little Havana
701 S.W. 27 Ave
Miami, FL 33135

Hialeah
10355 N.W. 57 Ave
Hialeah, FL 33014

Little River
181 N.E. 82 St
Miami, FL 33138

Allapattah
1429 N.W. 36 St
Miami, FL 33142

Riverside
949 S.W. 1 St
Miami, FL 33130

Perrine
8555 S.W. [illegible] Ter
Miami, FL 33157

GEORGIA

Atlanta-Downtown
[illegible] Peachtree St
Atlanta, GA 30308

Atlanta-Northeast
3376 Peachtree Rd
Atlanta, GA 30326

Atlanta
225 Chestnut
Atlanta, GA 30314

OHIO

Columbus-Central
200 N. High St
Columbus, OH 43215

Columbus-East
2234 S. Hamilton Rd
Columbus, OH 43227

Columbus-North
90 E. Wilson Bridge
Columbus, OH 43085

Columbus-West
3810 Sullivant Ave
Columbus, OH 43228

Akron-Downtown
2 South Main
Akron, OH 44308

Akron-West
1655 W. Market
Akron, OH 44313

Youngstown
139 E. Boardman
Youngstown, OH 44503

Dayton-Downtown
1200 West 2nd
Dayton, OH 45402

Dayton-West
3827 W. 3rd
Dayton, OH 45417

Ravenna
241 South Chestnut
Ravenna, OH 44266

Cleveland-Downtown
1240 East 9th
Cleveland, OH 44199

Cleveland-East
1024 E. 152 St
Cleveland, OH 44110

Cleveland-East
3355 Richmond Rd
Cleveland, OH 44122

Cleveland-West
20545 Center Ridge Rd
Cleveland, OH 44116

Cleveland-West
2012 W. 25th St
Cleveland, OH 44113

Document
Service
2925 LBJ Freeway
Suite 180
Dallas, Texas 75234

NATIONAL PROCESSING CENTER
AC 214 352-5323

Read Carefully:
Important Facts about Your **Social Security Card**

County marriage records indicate that you have or will soon change your name. As a result, you will need to have this information changed in regards to your Social Security Card.

The Social Security Law requires every applicant for a change of name on their Social Security Card to furnish certain documents before this can be done.

The procedure for doing this is not particularly hard or complicated, but because of the paperwork necessary it is easy to neglect or postpone: and it is time consuming and something you might forget to do, so....

If you will fill out the information requested right now on the enclosed form and return it immediately along with your check or money order for ten dollars ($10.00)

We will as a non-government agency handle the clerical details for you in getting your name corrected with the Social Security Administration and a new card issued. The fee is our assistance charge and is not made by the Social Security Administration.

We urge you to do this immediately to help avoid any possible problems in the future where your S/S benefits could be questioned.

Please make sure all blanks are completed and make your check or money order payable to

DOCUMENT SERVICE

Please refer any and all questions to the above address.

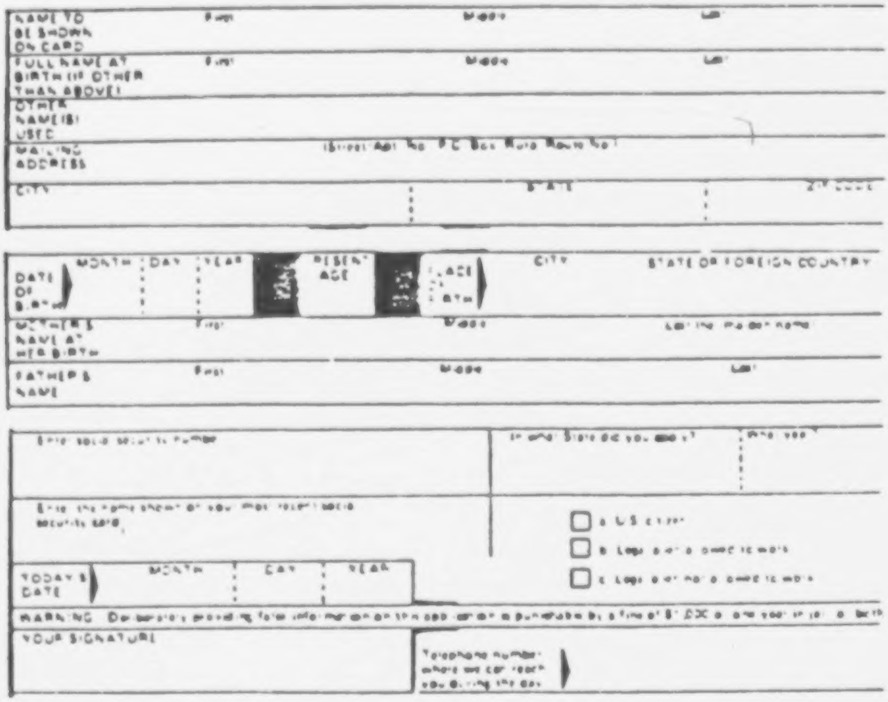
Instructions

1. CHECK APPLICATION FORM FOR ACCURACY. MAKE CHANGES IF NECESSARY.
2. COMPLETE ALL BLANKS INDICATED BY RED CHECK MARKS.
3. PRINT YOUR NAME & ADDRESS ON BACK SIDE OF YOUR ORIGINAL MARRIAGE LICENSE. THIS WILL BE RETURNED TO YOU IMMEDIATELY.
4. MAIL TO SOCIAL SECURITY ADMINISTRATION IN THE ENCLOSED ENVELOPE:
    A. APPLICATION
    B. MARRIAGE LICENSE
5. ALLOW ABOUT FIVE WEEKS SERVICE TIME FOR YOUR NEW SOCIAL SECURITY CARD TO BE RETURNED TO YOU.

NOTE: A COPY OF YOUR MARRIAGE LICENSE WILL NOT BE ACCEPTED UNLESS IT IS A CERTIFIED COPY WHICH YOU CAN GET AT THE AGENCY WHERE YOUR ORIGINAL LICENSE WAS OBTAINED.

DO NOT MAIL DOCUMENTS TO US

CONFIDENTIAL INFORMATION FOR USE BY DOCUMENT SERVICES
(REQUEST FOR CHANGE IN SOCIAL SECURITY RECORDS)



NAME TO BE SHOWN ON CARD — First — Middle — Last

FULL NAME AT BIRTH (IF OTHER THAN ABOVE) — First — Middle — Last

OTHER NAME(S) USED

MAILING ADDRESS — (Street/Apt. No., P.O. Box, Rural Route No.)

CITY — STATE — ZIP CODE

DATE OF BIRTH — MONTH — DAY — YEAR — [illegible] — PRESENT AGE — [illegible] — PLACE OF BIRTH — CITY — STATE OR FOREIGN COUNTRY

MOTHER'S NAME AT HER BIRTH — First — Middle — Last (her maiden name)

FATHER'S NAME — First — Middle — Last

Enter social security number — In what State did you apply? — What year?

Enter the name shown on your most recent social security card

☐ a. U.S. citizen
☐ b. Legal alien allowed to work
☐ c. Legal alien not allowed to work

TODAY'S DATE — MONTH — DAY — YEAR

WARNING: Deliberately providing false information on this application is punishable by a fine of $1,000 or one year in jail, or both.

YOUR SIGNATURE — Telephone number where we can reach you during the day

(ENCLOSE CHECK OR MONEY ORDER FOR $10 PAYABLE TO DOCUMENT SERVICE)

Tab 3

FEDERAL RECORD SERVICE

2021 L STREET, SUITE 250
WASHINGTON, D.C. 20036

BIRTH RECORDS DIVISION

Important Notice:
New Federal Legislation may require that all dependents be listed by Social Security Number on your income tax return.

County records indicate that your newborn child has not been registered with the Social Security Administration. It is important that your child be issued a Social Security Card immediately.

Federal Record Service, a non-government agency, will handle the paperwork and clerical details for you.

If you will fill out the information requested right now on the enclosed form and return it with a check or money order for $10, we will begin to process your application immediately. The fee is our assistance charge.

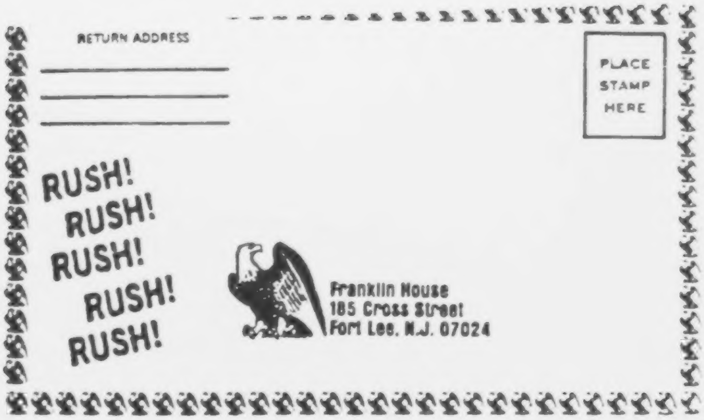
If you have other dependents who do not have Social Security numbers, we will process their applications at the additional fee of $5 for each extra applicant.

You will receive a confirmation that your application is being processed in two weeks. A Social Security Card and number registered in your childs name will be mailed to you within seven weeks.

Please return the enclosed form immediately with a check or money order made payable to:

Federal Record Service

Tab 4

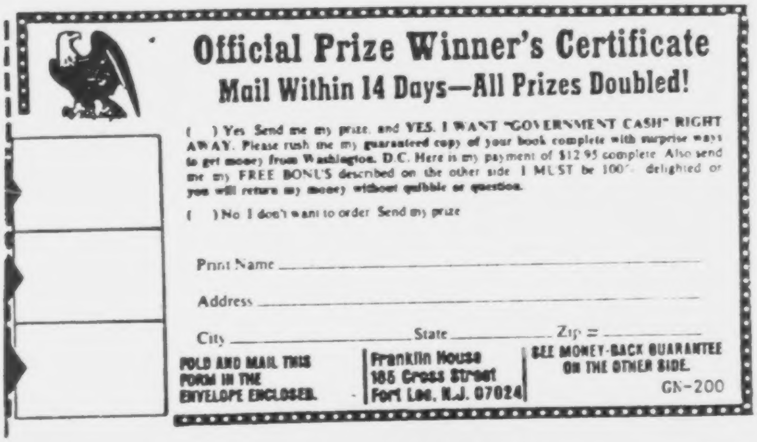


RETURN ADDRESS

PLACE
STAMP
HERE

RUSH!
RUSH!
RUSH!
RUSH!
RUSH!

Franklin House
185 Cross Street
Fort Lee, N.J. 07024



Official Prize Winner's Certificate

Mail Within 14 Days—All Prizes Doubled!

( ) Yes Send me my prize, and YES, I WANT "GOVERNMENT CASH" RIGHT AWAY. Please rush me my guaranteed copy of your book complete with surprise ways to get money from Washington, D.C. Here is my payment of $12.95 complete. Also send me my FREE BONUS described on the other side. I MUST be 100% delighted or you will return my money without quibble or question.

( ) No I don't want to order. Send my prize

Print Name ______________________

Address ______________________

City ____________ State ____________ Zip # ____________

FOLD AND MAIL THIS FORM IN THE ENVELOPE ENCLOSED.

Franklin House
185 Cross Street
Fort Lee, N.J. 07024

SEE MONEY-BACK GUARANTEE ON THE OTHER SIDE.

GN-200

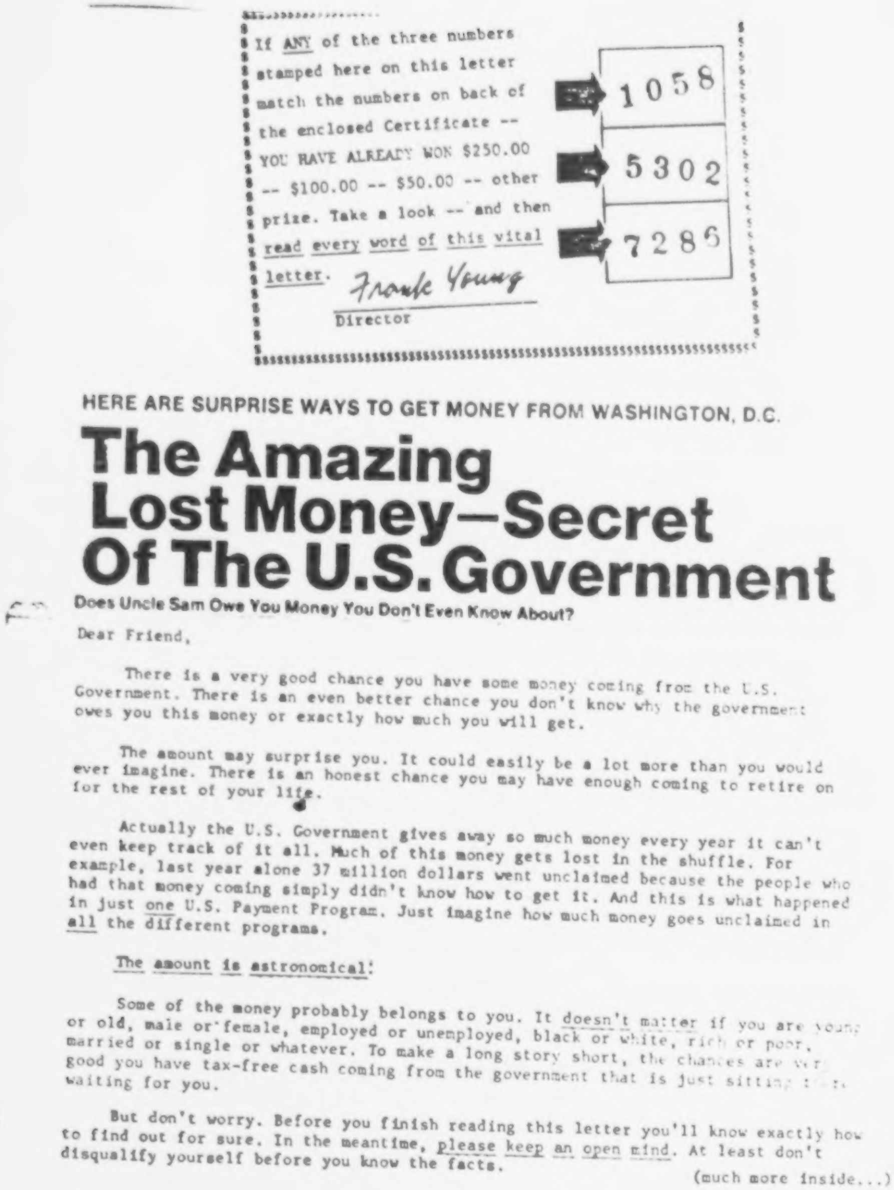
Unless you order NOW, you will never have another chance!

Yes. That's the truth. You have been carefully selected to participate in this contest -- to win $250.00 -- $100.00 -- $50.00 -- or other prize -- and to get this offer of our GOVERNMENT CASH BOOK because you have demonstrated that you are very interested in EXTRA CASH. It has not been sent to you willy nilly or at random.

But, believe me when I tell you that it costs a great deal of money to send it to you -- and other men and women just like you.

So, let me make one thing perfectly clear. If you do not enter the contest NOW -- and do not take advantage of this offer NOW -- you will not get another chance.

Therefore, read every word of the enclosed material before you decide.



If ANY of the three numbers stamped here on this letter match the numbers on back of the enclosed Certificate -- YOU HAVE ALREADY WON $250.00 -- $100.00 -- $50.00 -- other prize. Take a look -- and then read every word of this vital letter.

1058

5302

7286

Frank Young

Director

HERE ARE SURPRISE WAYS TO GET MONEY FROM WASHINGTON, D.C.

The Amazing Lost Money—Secret Of The U.S. Government

Does Uncle Sam Owe You Money You Don't Even Know About?

Dear Friend,

There is a very good chance you have some money coming from the U.S. Government. There is an even better chance you don't know why the government owes you this money or exactly how much you will get.

The amount may surprise you. It could easily be a lot more than you would ever imagine. There is an honest chance you may have enough coming to retire on for the rest of your life.

Actually the U.S. Government gives away so much money every year it can't even keep track of it all. Much of this money gets lost in the shuffle. For example, last year alone 37 million dollars went unclaimed because the people who had that money coming simply didn't know how to get it. And this is what happened in just one U.S. Payment Program. Just imagine how much money goes unclaimed in all the different programs.

The amount is astronomical!

Some of the money probably belongs to you. It doesn't matter if you are young or old, male or female, employed or unemployed, black or white, rich or poor, married or single or whatever. To make a long story short, the chances are very good you have tax-free cash coming from the government that is just sitting there waiting for you.

But don't worry. Before you finish reading this letter you'll know exactly how to find out for sure. In the meantime, please keep an open mind. At least don't disqualify yourself before you know the facts.

(much more inside...)

The first thing you need to know is that there are MANY perfectly legal ways to get a check out of Uncle Sam. Some of these U.S. Payment Programs are common knowledge but many of them are almost unknown to the average American. Not one person in 1000 knows about all of them. Here are some examples:

*** Did you or any member of your family earn less than $10,000.00 last year? If so, you may have a surprise $500.00 check just waiting for you.

*** Are you retired? If you know how, you may be able to get extra money every month over and above your Social Security check. (Nearly 2 million people are doing this right now but most other people don't know about it.)

*** Are you on Social Security? With the right information, you may be able to jack up your payments to a family package of $935.70 a month just by filling out a form.

*** Are you under 65? Even if you are, you may be able to start getting Social Security right away without any more waiting.

*** Would you like to move? If you know how, you may be able to get the government to help you meet mortgage payments as high as $32,000.00.

*** Do you want to stay put? If you've found it almost impossible to raise the money to fix your house, the government may well help you to the tune of $10,000.00

*** Are you a renter? You can get 25% to 75% of your rent paid by Uncle Sam if you know how to apply.

*** Do you want to write a play or paint a picture or make a film. Maybe you can get a check for $2,000.00 to $8,000.00 to help you out.

*** Would you like to get a $25,000.00 a year start-your-own-business loan or investment? It is quite possible if you know how.

*** Do you want to go back to school? If so, there is a chance that the government will give you an outright gift or grant of the money.

*** Are you a veteran or the survivor of a veteran? You may still be able to get monthly payments for yourself and/or your children -- perhaps from $65.00 to $120.00 per month.

*** Do you want to cut your fuel bills? If you earn less than $15,600 you may be able to get $1,500.00 at low interest to weatherize your home.

It goes on and on. The above examples are just for openers. There are many, many other ways (all legal) to get a check out of the government. Some of these checks are for as little as $35.00 per month. But some of them are for as much as $1,500.00 to $5,000.00 or more. Now, you can find out how much is your share.

This is not welfare or charity. The government owes you this money. This is what you rightfully have coming to you for being a good citizen and paying your taxes. If you do not get your share of the money, you are only cheating yourself.

It's rather easy to get this money but you must know what you are doing. You need to know what to do and how to do it.

Most people are in the dark about all of this. That's why so much of what's available goes unclaimed. In fact, most people don't have any idea how to get everything they have coming. Our information has been checked and found to be accurate including the 1982 programs. How many do you know about?

Take Social Security for instance: did you know the odds are in your favor you have a check coming from Social Security right now -- even though you may not be 65 years of age?

Here's another thing. Are you one of the men or women who have overpaid Social Security? If you are, you've got some money coming.

There's more. Do you know how students between the ages of 18 and 22 can get Social Security cash benefits? Do you know how to make your whole family eligible for Social Security -- even your youngest children? Do you know how to cash in on Social Security even if you've never paid a penny into it? Do you know how to get special Social Security benefits that are only for veterans? Do you know how to increase the amount of your payment if you are already on Social Security? As you've already read, with the right information you may be able to jack up your payments every month by just filling out another form.

It goes on and on. It would be easy to use up this entire letter just on Social Security. But let's move on. There are many other payment programs you should know about.

Are you a veteran? Did you know that you might be able to get as much as $350.00 each month for schooling? That the government may be willing to loan you a great deal of money to buy your new home or fix up your present home?

You know, information about tax-free government cash is especially important if you are retired or planning to retire. As you know, prices keep going up and up. There seems to be no end in sight.

This is especially true if you are on a fixed income. However, if you learn how to get bonus cash from the government it can help a lot. In some cases where medical expenses are concerned, it could make the difference between life and death. At the very least, some of the extra government cash and benefits could make your retirement a lot more pleasant.

And please don't forget -- if you have the right information and you are already retired, you may be able to get extra money every month over and above your Social Security check just like other men and women are doing right now.

> All this is just the tip of the iceberg. The U.S. Government handles so much money and so many programs all the time it seems like a miracle that anything ever gets done right. In any case, here are some more facts for your consideration.

** In just one U.S. Payment Program over 300 thousand Americans get a check every month.

** In another, over 167 thousand more get monthly money.

** In yet another, 295 thousand get money in the mail just like clockwork.

** And of course, there are those 5 million Americans who get tax-free cash every time they tear off another page from their calendar.

There are many more examples just like these. Please remember -- there are numerous legal ways to get a check from the government and you deserve to know all about them.

Guess who pays for all this? The answer, of course, is you. You have paid for every one of these programs with your taxes all these years. You deserve this money coming back to you so don't be bashful about going after what is rightfully yours.

As you know, inflation is a serious problem. There is a real danger of higher and higher unemployment. Some people believe that we are headed for a depression. Who knows?

(Please read last page of letter...)

But one thing is sure: the U.S. Government is never going to stop spending money and part of that money belongs to you.

Please don't cheat yourself. It is really quite simple to get your fair share. You'll learn how in a moment.

But above all, don't make the mistake of guessing you do not qualify for some of this money. No matter who or what you are (as long as you are a U.S. citizen) you can probably get a surprise amount of government cash sooner than you think.

Unfortunately, the average citizen is in the dark about all this. Up until now there was simply no practical way he could find out about these little-know cash benefits and other giveaways.

Now there is a way. Now there is a brand new book that tells about the perfectly legal ways to get a check out of Uncle Sam!

It is simple and easy to read. It tells you how to get the checks that you have coming. It gives you the necessary addresses, government telephone numbers, the leads you need. It tells you how to qualify, who to contact, what to say.

Will this book help?

Will it help you make sure that you are one of the taxpayers that [illegible] get shortchanged?

Here is how you can find out without any risk at all.

Go ahead and order the book by mail. Start reading as soon as you get it. In the first hour if you don't find out a way to get a surprise government check -- a way to cash in for $500.00 -- you can send the book back and the publisher will return your payment to you quietly and without question!

If you are extra skeptical, you can postdate your check or money order by 30 days. If you do this, the publisher promises and guarantees not to deposit it for at least that amount of time. Then, if you decide to return the book, the publisher will send back your uncashed check or money order with no questions asked.

So, to claim your prize -- $250.00 -- $100.00 -- $50.00 -- other prize -- and get your guaranteed copy of the book -- SIMPLY MATCH THE CERTIFICATE NUMBERS and...

1) Print your name and address carefully on the enclosed OFFICIAL PRIZE WINNER'S CERTIFICATE. Please print clearly so the prize arrives safely.

2) Attach your check or money order for $12.95.

3) Mail in the pre-addressed envelope enclosed for your convenience.

Obey that impulse to be a winner and get the extra money you want and need and deserve. Complete and mail the enclosed OFFICIAL PRIZE WINNER'S CERTIFICATE as soon as you can -- TODAY if at all possible. Thank you.

Cordially,

Frank Young

Frank Young, Director

[illegible] Make sure either one, two or three winning numbers match. Then print your name and address clearly on the [illegible] Prize Winner's Certificate so that your prize will be sent to the correct address. 1) The winning entries will [illegible] from those eligible at random every quarter -- and every quarter all prizes will be awarded. [illegible] a prize valued at three dollars. [illegible] Sweepstakes, Bingo, Contests' IN ADDITION TO ANY AND ALL [illegible] 2) Entries received after the end of the quarter will automatically be included in the next one [illegible] necessary. One entry per family. All entries must be on Official Prize Winner's Certificate or facsimile. [illegible] all federal, state, local regulations, and void where prohibited.

Tab 5

JAMES ROOSEVELT
United States Congressman (Retired)
Washington, D.C.

[illegible]

Solicitation

[redacted]

Dear Member of the National Committee:

Enclosed is the most important Petition I could possibly ask you to sign this year.

Congress is just now convening.

And this Congress has the power to stop the Secretary of the Treasury from any future raids upon the Social Security Trust Funds.

Future Social Security benefits could be in great jeopardy if we fail to make Social Security completely independent from political tampering.

Congress has already taxed Social Security benefits and we don't want to see any new taxes on benefits.

Right now is the time to let your U.S. Senators from Maryland, Barbara Mikulski and Paul S. Sarbanes, and your Congresswoman, Beverly B. Byron, know you won't stand for any further tampering with the Social Security and Medicare Trust Funds.

Now is the time to remind them you are a Member of the National Committee to Preserve Social Security and Medicare (NCPSSM) and you'll act against any effort they make which threatens to undermine your benefits.

I applaud those members of Congress who have stepped forward quickly to restore the Trust Funds and are working to prevent future raids on Social Security.

But now we must act quickly to defeat the efforts of those who stand in the way of our fight to stop future raids on the Trust Funds.

And now is the critical time to re-enforce our power with the Congressional leadership.

Your past Petitions, cards and letters helped me to quickly make your National Committee an effective force on Capitol Hill. With your help we defeated efforts this year to freeze your

(please turn page)

Social Security COLA.

And your past generous contribution helped pay for two national 15-minute "Fireside Chat" radio programs, broadcast in your area and throughout the nation.

And your past support helped make your National Committee's Political Action Committee among the top ten largest PAC's in the nation in only two years.

Now, we are in a perfect position to be highly successful with this new session of Congress.

But it's essential we dramatically reinforce our intitial progress with strong action.

I need you to mail your post cards and return your signed Petition today. If you don't do anything else for your organization, do sign and mail your enclosed post cards to your United States Senators and Congressman and to President Reagan.

And please sign and return your Petition to me today. I will deliver it personally with those of other National Committee Members. Don't mail it separately. We'll have a greater impact on Congress and the national news media if I present them all at once. This past September, for example, I presented almost five-million Petitions to the Congressional leadership, weighing 15 tons, in our battle to restore the notch benefit cuts.

Here are just a few of the issues from our Legislative Plan for the 100th Congress which will be debated during this session:

✓ Legislation to stop the government from using the money in the Social Security Trust Funds to pay for government expenses which have nothing to do with Social Security.

✓ Legislation to put Social Security and Medicare in an independent agency and off-budget. If we don't succeed, the "Gramm-Rudman" deficit reduction bill would balance the federal budget on the backs of the elderly by requiring severe cutbacks in Medicare benefits and quality health care.

✓ Legislation to prevent any future taxes upon Social Security and Medicare benefits; to reform nursing home care; stop doctors form overcharging medicare recipients; and to stop the Medicare hospital

(next page, please)

deductible from skyrocketing.

Legislation to repeal cuts in Social Security benefits for more than 10-million Americans born in the "notch years" after 1916. This benefit cut alone averages $816.00 per year for Notch Year Americans and could cost you up to $2,500.00 per year depending on the year you were born and the year you retired.

And, of course, we will have a knockdown, drag-out fight against schemes undermining programs which have been solemn commitments by the American government to working people who have paid for retirement benefits from their paychecks since my father signed the Social Security program into law.

That's why it's so important you mail your four post cards and return your signed Petition to me today.

Because Congress will soon return to Washington, we must let each Senator and Congressman know we'll act strongly to stop raids on the Social Security Trust Funds and to defeat any scheme to cut Social Security or Medicare benefits.

With your continued support, we can put Congress on notice. If you mail your post cards and return your signed Petitions today, we'll prove we have the political muscle to back up our words.

But if you don't act, I'll be trying to convince Congress that I speak for four million Members of the National Committee to Preserve Social Security and Medicare--but they won't have any reason to believe me.

Your National Committee and I work endless hours and push to our utmost to perform above and beyond the call of duty.

But to succeed I need you and your continued help.

So, please, sign and mail your post cards to your U.S. Congressman, to your two U.S. Senators and to President Reagan.

I've enclosed a free page of National Committee support stamps for you. Please put one on each envelope or post card you mail for the next couple of weeks. They're a great way to advertise. And with more than four million National Committee Members using our stamps, we can reach 72,000,000 people with our message--about half the households in America.

And, finally, when you return your signed

(turn page, please)

Page 4

Petition, please include a generous contribution to help support our lobbying efforts.

I'm very proud of our Washington, D.C. lobbying staff and operation.

Through hard work, dedication, and a real commitment to our cause, we make every dollar go a long way.

But lack of funds does limit our staff's effectiveness.

Our lobbying effort is more crucial than ever before. Unless we succeed in passing legislation to prevent raids on the Social Security Trust Funds, the entire system will lose its firm foundation.

But with your support, we can meet our 1987-88 lobbying budget and prepare our fight against those who want to cut our benefits.

So, please, act today. Return your signed Petition with your contribution of $20, $15, or at least $10 today. The need is great and the threat of cuts in our benefits is real.

My father always said you could count on good people to respond when the call to arms was for a just cause.

Well, I am making a just call now. But unless we act now, we could lose our best chance to end forever any raids on the Social Security Trust Funds that threaten our future benefits.

So please act today. Return your contribution of $10, $15, or more in the enclosed postage-free envelope.

Most sincerely,

James Roosevelt.

James Roosevelt, Chairman
National Committee to Preserve
Social Security and Medicare

P.S. It's urgent you mail your post cards to President Reagan, your U.S. Senators Barbara Mikulski and Paul S. Sarbanes, and Congresswoman, Beverly B. Byron. And please return your signed Petition today. And when you return your signed Petition, please put your check for $10, $15, or more into the enclosed brown-check envelope. Then place this envelope with your signed Petition into the larger postage-free envelope and return them to me today.

Prepared and mailed by, and exclusively for the National Committee to Preserve Social Security, a nonprofit tax exempt organization [illegible]
The National Committee is independent of Congress, [illegible] government agency, and [illegible]

"Please express to the Members of the National Committee my deep appreciation for their decision to support my race for the U.S. Senate . . . I shall work hard to warrant your continuing support."

Senator Harry Reid, Nevada

"The confidence and trust you have placed in me will not be forgotten."

Senator Bob Graham, Florida

Senator Alan Cranston, California
Majority Whip

"Anyone who wonders how effective the National Committee to Preserve Social Security and Medicare is in representing its membership should have seen the National Committee in action this summer when the Senate began consideration of legislation to prevent the Secretary of Treasury from manipulating the Social Security trust fund during the annual debt ceiling crisis . . .

"The National Committee deserves a lot of credit for its work on this issue and for recognizing that the most important goal in this effort was making sure that Social Security recipients wouldn't have to go through an emotional turmoil each year wondering whether or not their checks were going to arrive.

"Mr. [illegible] and [illegible] members have been instrumental in slowing down Medicare premium increases, freezing doctor's fees and guaranteeing the Social Security COLA."

Congressman Lawrence Coughlin, Pennsylvania

". . . You and others like you are willing to help those of us who run for public office and in doing that you choose the kind of future you want for this country . . ."

Congressman Byron L. Dorgan, North Dakota

"The National Committee deserves a lot of credit."

Here is what some leading U.S. Senators and Congressmen say about your National Committee to Preserve Social Security and Medicare.

"As a result of what must be one of the most sophisticated direct mail efforts ever, not only is the National Committee turning out millions of post cards, petitions, and letters to Congressmen and Senators, but it is also directing senior citizen campaign volunteer workers into House and Senate races all across the ation."

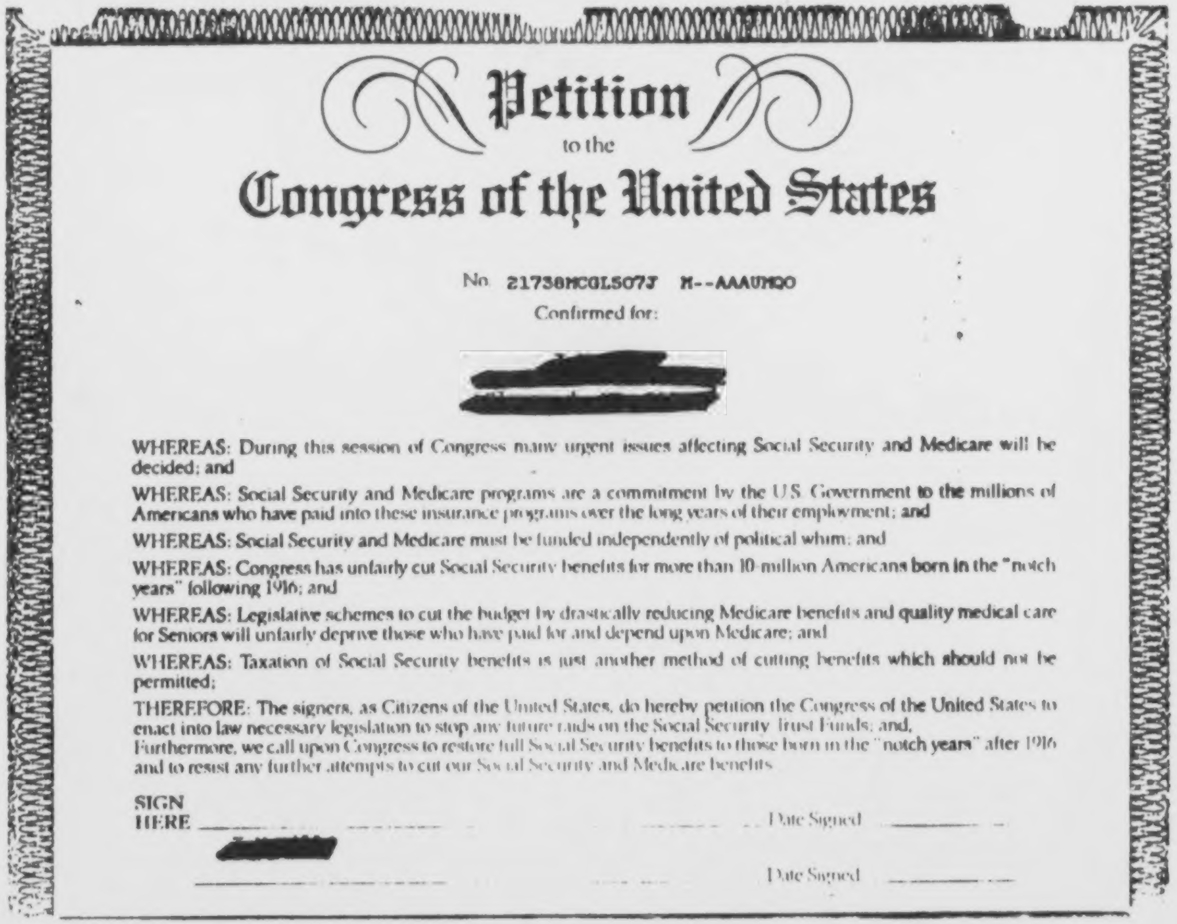
ongressman
ny Coelho, California

". . . I recently worked very closely with the National Committee's staff drawing up legislation which would prevent the Treasury Department from raiding the Social Security Trust Funds as it did last fall. I found the staff to be comprised of dedicated and committed individuals who contributed a very high level of expertise and professionalism."

Congressman William Clinger, Pennsylvania

"Over the past three years nearly 9 million petitions, letters, and phone calls have been made to Members of Congress. The National Committee staff also works with Washington policymakers and presents testimony at hearings pertaining to Social Security or health care issues.

Congressman Les AuCoin, Oregon



Petition
to the
Congress of the United States

No. 21738MCGLS07J M--AAAUMQO

Confirmed for:

[redacted]

WHEREAS: During this session of Congress many urgent issues affecting Social Security and Medicare will be decided; and

WHEREAS: Social Security and Medicare programs are a commitment by the U.S. Government to the millions of Americans who have paid into these insurance programs over the long years of their employment; and

WHEREAS: Social Security and Medicare must be funded independently of political whim; and

WHEREAS: Congress has unfairly cut Social Security benefits for more than 10 million Americans born in the "notch years" following 1916; and

WHEREAS: Legislative schemes to cut the budget by drastically reducing Medicare benefits and quality medical care for Seniors will unfairly deprive those who have paid for and depend upon Medicare; and

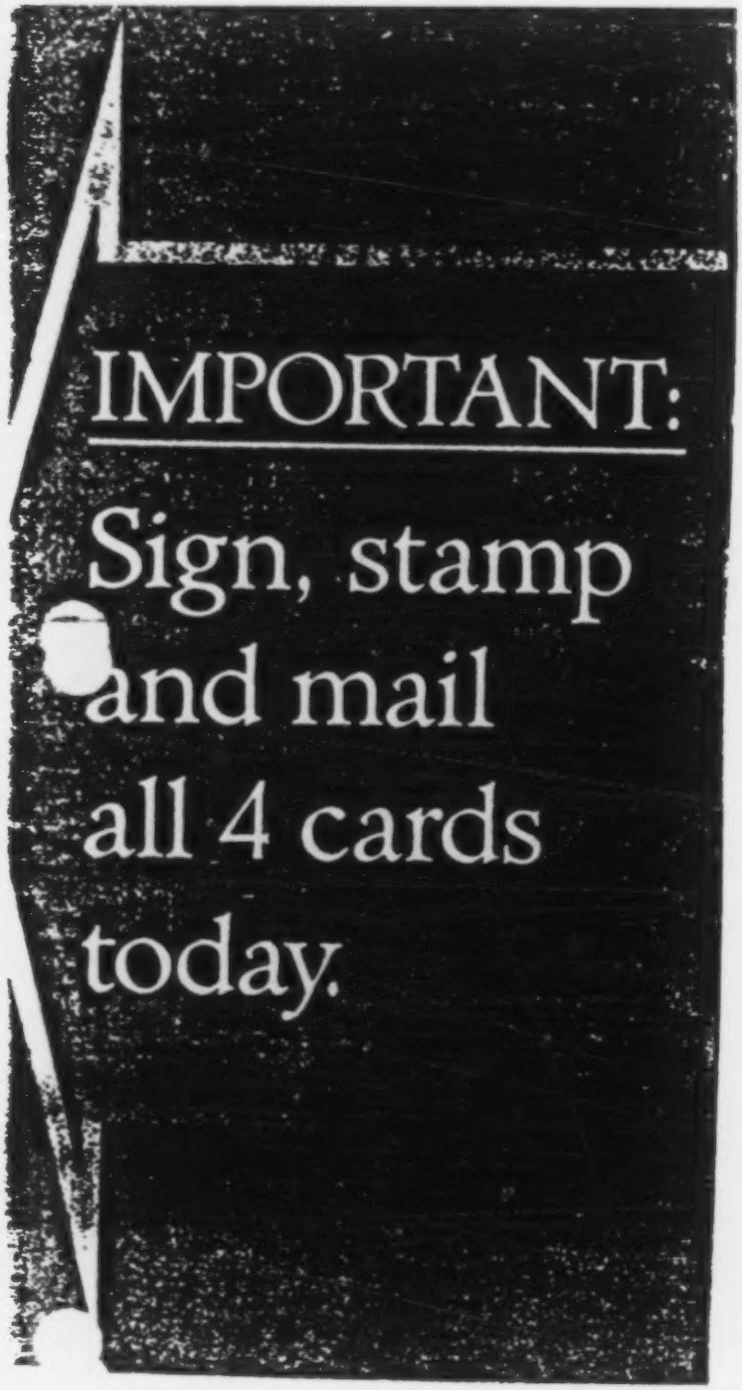
WHEREAS: Taxation of Social Security benefits is just another method of cutting benefits which should not be permitted;

THEREFORE: The signers, as Citizens of the United States, do hereby petition the Congress of the United States to enact into law necessary legislation to stop any future raids on the Social Security Trust Funds; and,
Furthermore, we call upon Congress to restore full Social Security benefits to those born in the "notch years" after 1916 and to resist any further attempts to cut our Social Security and Medicare benefits.

SIGN
HERE ______________________ Date Signed ________

[redacted]

______________________ Date Signed ________



IMPORTANT:

Sign, stamp
and mail
all 4 cards
today.

[redacted]

FIRST CLASS

President Ronald Reagan
The White House
1600 Pennsylvania Ave.
Washington, DC 20500

[redacted]

PLACE
STAMP
HERE

FIRST CLASS

Congresswoman Beverly B. Byron
House Office Building
Washington, DC 20515

URGENT

[redacted]

PLACE
STAMP
HERE

FIRST CLASS

Senator Barbara Mikulski
Senate Office Building
Washington, DC 20510

RUSH

[redacted]

PLACE
STAMP
HERE

FIRST CLASS

Senator Paul S. Sarbanes
Senate Office Building
Washington, DC 20510

Immediate
Attention
Please

De gressman:

As a Member of the National Committee to Preserve Social Security and Medicare, I want you to know how strongly I feel about each bill which affects my benefits.

I'm counting on you to strongly support the commitment our government made to me and others who paid into the Social Security and Medicare funds during our working years.

National Committee Chairman James Roosevelt will inform me of your positions on these issues. Please, listen carefully when Mr. Roosevelt and my fellow Members of the National Committee communicate with you.

Thank you!

Signed____________ ____________________ Address (optional)

Dear Mr. President:

As a Member of the National Committee to Preserve Social Security and Medicare, I strongly support the legislative program which James Roosevelt and our lobbying staff is presenting to Congress.

I urge you to support our program in Congress and to sign our legislation when it comes to your desk.

Social Security and Medicare benefits are part of a commitment our government made to those who have paid in during their long years of work. Please help assure that this commitment is kept.

Thank you!

Signed____________ ____________________ Address (optional)

Dear Senator:

As a Member of the National Committee to Preserve Social Security and Medicare, I want you to know how strongly I feel about each bill which affects my benefits.

I'm counting on you to strongly support the commitment our government made to me and others who paid into the Social Security and Medicare funds during our working years.

National Committee Chairman James Roosevelt will inform me of your positions on these issues. Please, listen carefully when Mr. Roosevelt and my fellow Members of the National Committee communicate with you.

Thank you!

Signed____________ ____________________ Address (optional)

Dear Senator:

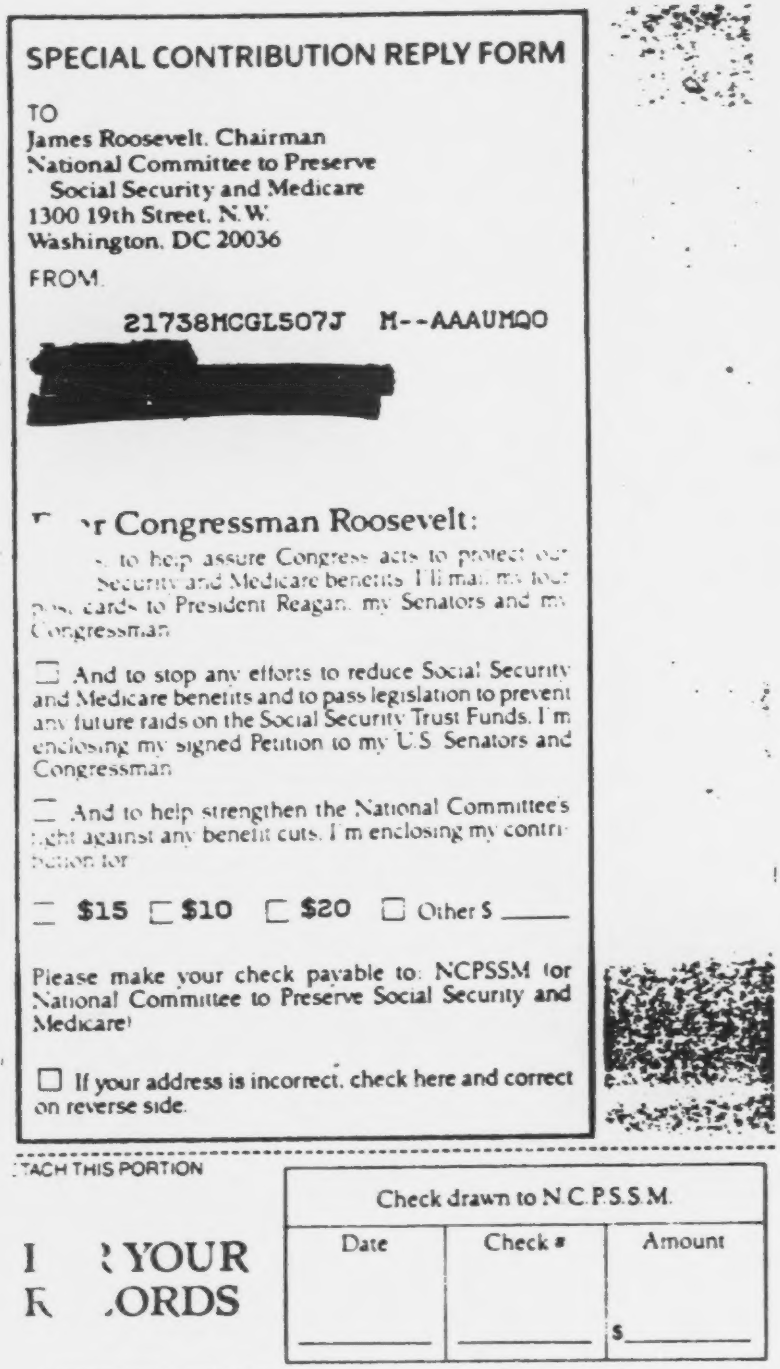
As a Member of the National Committee to Preserve Social Security and Medicare, I want you to know how strongly I feel about each bill which affects my benefits.

I'm counting on you to strongly support the commitment our government made to me and others who paid into the Social Security and Medicare funds during our working years.

National Committee Chairman James Roosevelt will inform me of your positions on these issues. Please, listen carefully when Mr. Roosevelt and my fellow Members of the National Committee communicate with you.

Thank you!

Signed____________ ____________________ Address (optional)



SPECIAL CONTRIBUTION REPLY FORM

TO
James Roosevelt, Chairman
National Committee to Preserve
Social Security and Medicare
1300 19th Street, N.W.
Washington, DC 20036

FROM

21738MCGL507J M--AAAUMQO

[redacted]

r Congressman Roosevelt:

s, to help assure Congress acts to protect our Security and Medicare benefits. I'll mail my four post cards to President Reagan, my Senators and my Congressman.

☐ And to stop any efforts to reduce Social Security and Medicare benefits and to pass legislation to prevent any future raids on the Social Security Trust Funds. I'm enclosing my signed Petition to my U.S. Senators and Congressman.

☐ And to help strengthen the National Committee's fight against any benefit cuts. I'm enclosing my contribution for

☐ $15 ☐ $10 ☐ $20 ☐ Other $ _____

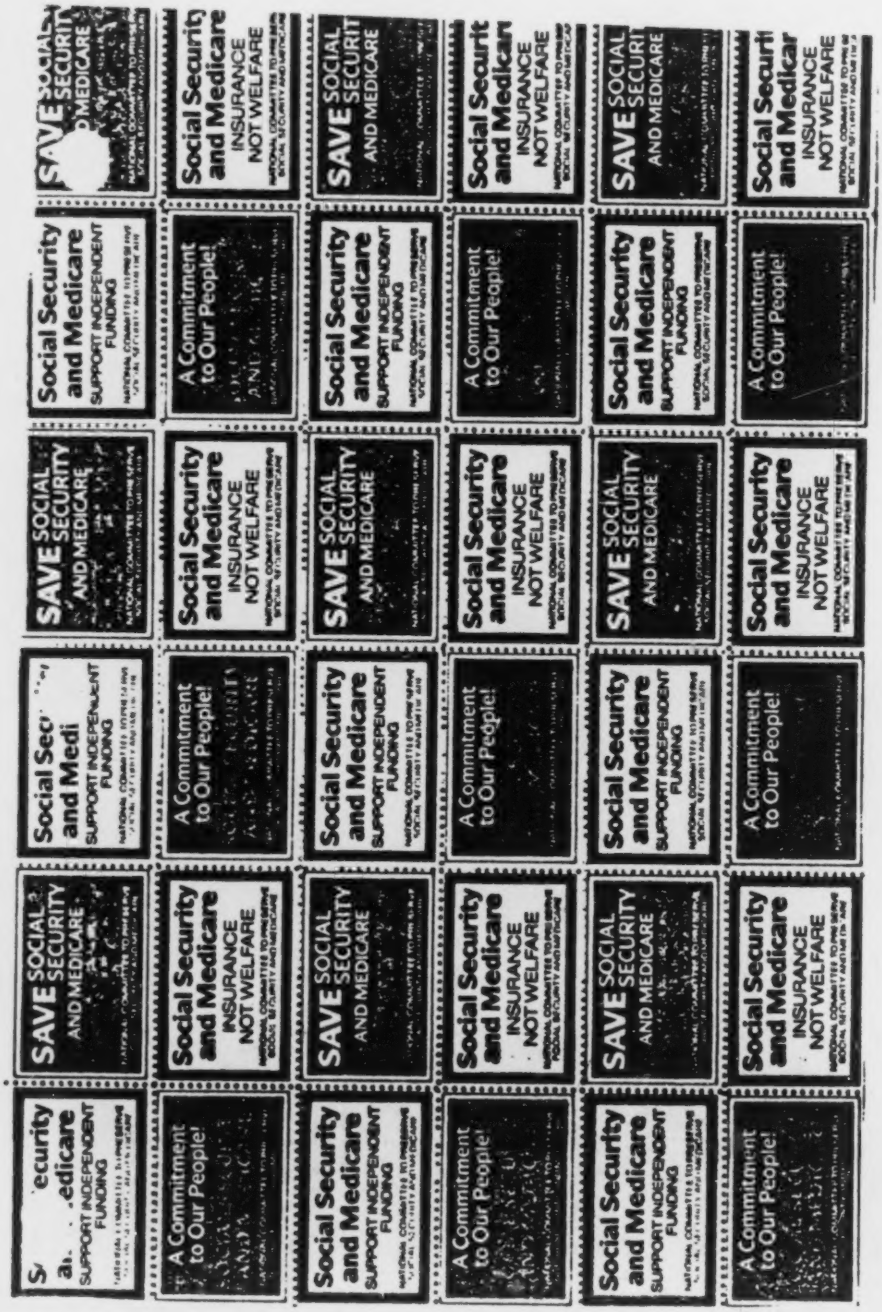
Please make your check payable to: NCPSSM (or National Committee to Preserve Social Security and Medicare)

☐ If your address is incorrect, check here and correct on reverse side.

TACH THIS PORTION

F R YOUR
R ORDS

Check drawn to N.C.P.S.S.M.		
Date	Check #	Amount
________	________	$________


SAVE SOCIAL SECURITY AND MEDICARE
Social Security and Medicare
SUPPORT INDEPENDENT FUNDING
INSURANCE NOT WELFARE
A Commitment to Our People!
NATIONAL COMMITTEE TO PRESERVE SOCIAL SECURITY AND MEDICARE

Tab 6

PROTECT
YOUR
SOCIAL SECURITY
BENEFITS

THE
NATIONAL
SOCIAL
SECURITY
VERIFICATION
ADMINISTRATION™

1377 K Street NW - Suite 865
Washington, DC 20005

Not affiliated with the United States Government or the Social Security Administration

No Postage
Necessary
If Mailed
in the
United States

BUSINESS REPLY MAIL
FIRST CLASS PERMIT NO. 1612 CLEVELAND, OH

Postage will be paid by addressee.

The National Social Security Verification Administration
1377 K Street, NW - Suite 865
Washington DC 20005

AVOID COSTLY ERRORS IN YOUR SOCIAL SECURITY

"It is important that your (Social Security earnings) records be correct because entitlements to monthly benefits and medicare will depend on it. If you wait more than 3 years, 3 months and 15 days after the year an error occurs, correction MAY NOT BE POSSIBLE."

Department of Health and Human Services
Social Security Administration

Did you know?

Due to a simple oversight or clerical error on the part of your employer or the Social Security Administration, your Social Security benefits could be jeopardized? Even if you could PROVE that an error was made, a statute makes it NEARLY IMPOSSIBLE to correct errors after 3 years (see above).

What can you do?

How do you insure that you'll get what you're entitled to? That's what we're all about. We utilize the most advanced computer systems to insure that YOUR records are checked, and we'll do it automatically EVERY YEAR for the rest of your working life.

Only one payment!

It's like insurance, with only one premium payment. A ONE-TIME fee of $45.00 is all you pay. This fee can be charged on your VISA or Master Card in three easy monthly payments of $15.00. That's all you ever pay. That's right, no annual fee.

How it works.

Each year (for the rest of your working life) we will notify the Social Security Administration on your behalf requesting that your earnings records be sent directly to you. You compare them t[illegible] income tax records, and if they're correct, you can rest assured that your benefits will be there when you are entitled to them. If there is an error, you have ample time to correct it BEFORE the statute of limitations takes effect.

Sign Me Up !

I authorize you to request a Statement of Earnings from the Social Security Administration to be sent directly to me at the address below.

I understand that you will provide this service every year for the rest of my working life. I will receive a membership card and instructions on how to insure that I will received the Social Security benefits to which I am entitled.

☐ My check or Money order is enclosed

☐ Charge my VISA or Master Card for $45.00.

☐ Charge my VISA or Master Card in 3 monthly installments of $15.00 each.

YOUR SOCIAL SECURITY NO. ☐☐☐-☐☐-☐☐☐☐

NAME ____________________

HOME ADDRESS ____________________

CITY __________ STATE __________ ZIP ____

TELEPHONE (____) ____________

SIGNATURE ____________________

☐ VISA ☐ MASTERCARD DATE EXPIRES ____________

CARD NO. ____________________

BONUS OFFER from the National Social Security Verification Administration

Join the NSSVA and receive absolutely FREE a set of Self Stick* return address labels - a $3.50 value. Simply return this order form with your registration.

Should you choose not to join the NSSVA, we would still like to say "Thanks for looking." We'll send you the labels, a $3.50 value, for only $1.00, the cost of postage and handling.

[redacted]

☐ YES

I've joined the NSSVA. Send my FREE labels, a $3.50 value.

☐ NO

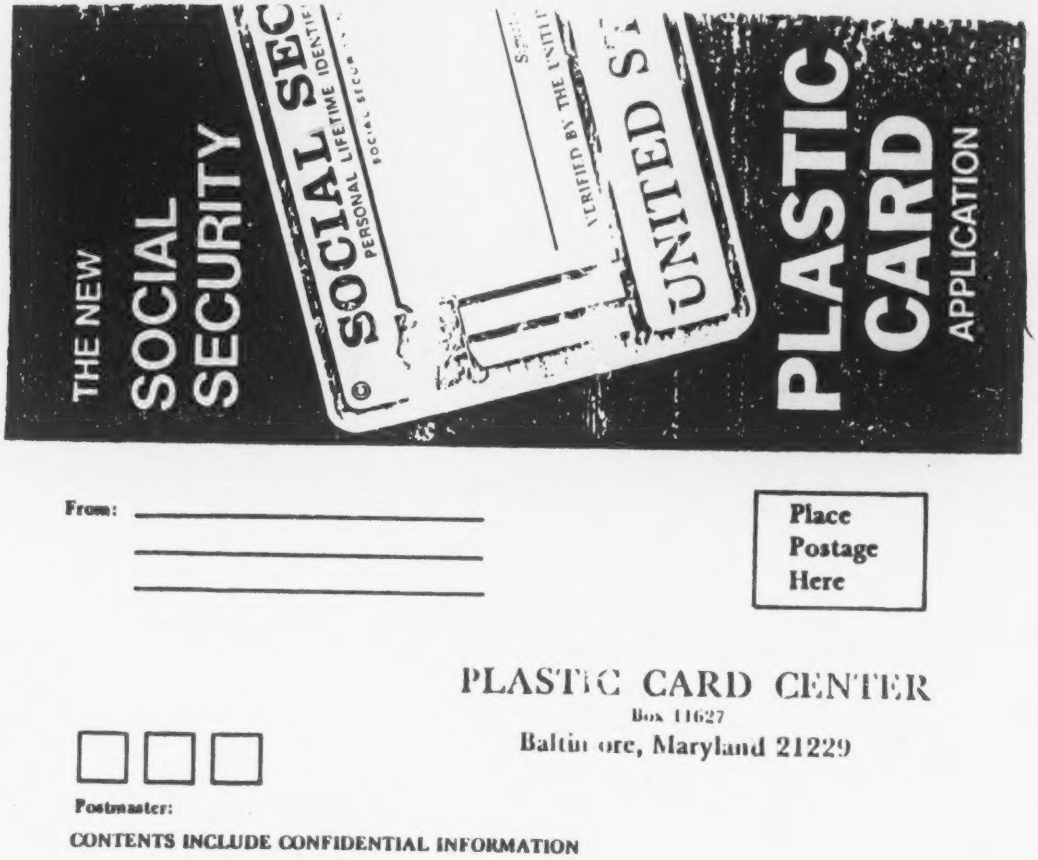
I'm not joining the NSSVA, but enclosed is $1.00 to cover the postage and handling. Please send my labels.

Please make any changes necessary to the name and address shown.

Space is limited to 4 lines of 23 characters and spaces. Use the back of this form for copy if necessary.

☐ OK as shown ☐ See copy on back.

Tab 7


SOCIAL SEC
PERSONAL LIFETIME IDENTIF
VERIFIED BY THE UNITE
UNITED ST

THE NEW
SOCIAL
SECURITY

PLASTIC
CARD
APPLICATION

From: ______________________
____
____

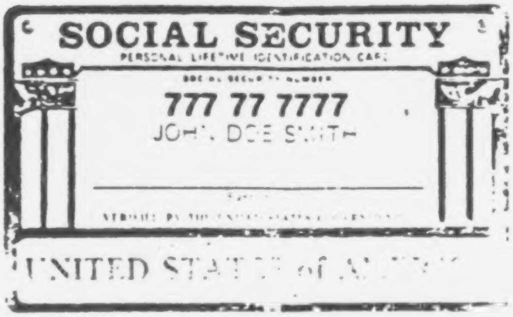
Place
Postage
Here

PLASTIC CARD CENTER
Box 11627
Baltimore, Maryland 21229

☐ ☐ ☐

Postmaster:
CONTENTS INCLUDE CONFIDENTIAL INFORMATION

PROTECT YOUR SOCIAL SECURITY NUMBER WITH A NEW LIFETIME PLASTIC CARD AND HELP CUT WASTE & FRAUD



Your New Plastic Social Security Card Is Offered Through Banks, Savings & Loans And Credit Unions By Filling Out This Application And Mailing Directly To Baltimore With Your Payment Of $3 Or $10 If You Want Automatic Statements And The Card.

A SPECIAL NOTE:

On "60 Minutes," a Sunday night CBS telecast for February 21, 1982 an alarming story was told of how one man used falsified social security cards for years to swindle millions of your hard-earned dollars from the Government.

Starting this year, the Social Security Administration with headquarters in Baltimore, Maryland will no longer issue paper cards from its 1,300 local offices around the country. All cards will be issued from Baltimore.

The United States Congress has passed Bill 9735 which gives the Social Security Administration the right to charge for computer time and manhours spent when supplying workers certain information about their accounts. This lifetime Plastic Card is not a replacement for your paper card. It is designed for workers who need to carry a card at all times for identification in dealing with banks for opening accounts and check cashing, for credit cards with merchants and law enforcement agencies.

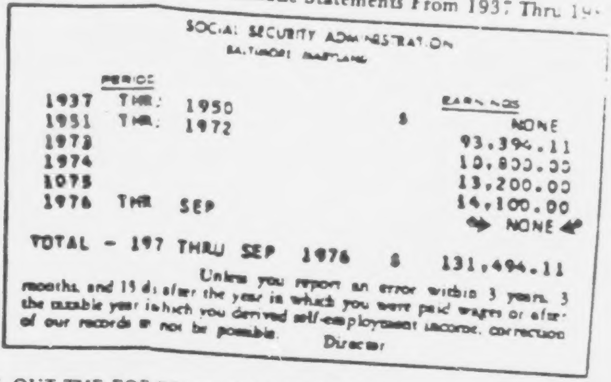
CONTENTS INCLUDE CONFIDENTIAL INFORMATION

AUTOMATIC ANNUAL COMPUTER STATEMENTS

★ For $7 You Can Order Automatic Statements From 1937 Thru 19

Last year 12 million errors occurred on the transfer of 186 million wage deduction records between employers and SSA.

This actual computer printout shown to the right displays an error of $20,000 for 1976. This error was corrected by the worker after receiving this statement.

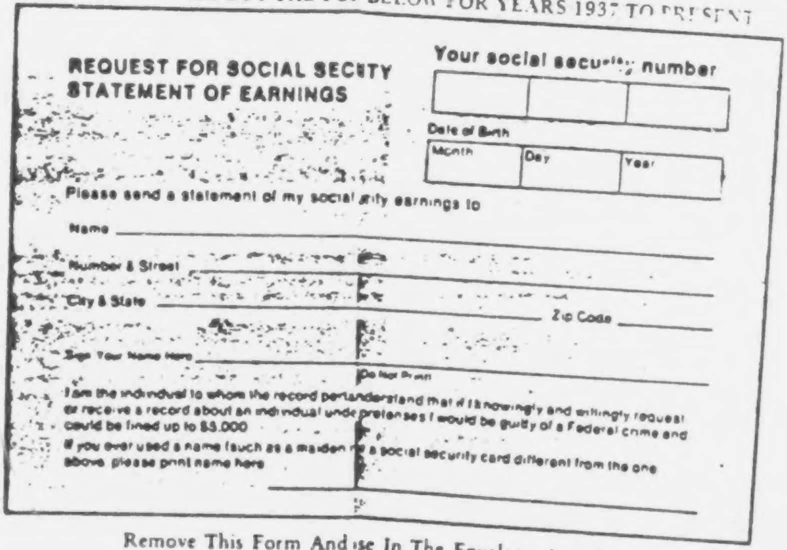


```
                 SOCIAL SECURITY ADMINISTRATION
                       BALTIMORE MARYLAND

        PERIOD
1937   THRU   1950                              EARNINGS
1951   THRU   1972                      $           NONE
1973                                           93,394.11
1974                                           10,800.00
1975                                           13,200.00
1976   THR    SEP                              14,100.00
                                             ➡ NONE ⬅
TOTAL - 197 THRU SEP  1976              $     131,494.11
```

Unless you report an error within 3 years, 3 months, and 15 days after the year in which you were paid wages or after the taxable year in which you derived self-employment income, correction of our records may not be possible. Director

YOU MUST FILL OUT THE FORM BELOW FOR YEARS 1937 TO PRESENT



REQUEST FOR SOCIAL SECURITY STATEMENT OF EARNINGS

Your social security number

Date of Birth

Month	Day	Year

Please send a statement of my social security earnings to

Name ____________________

Number & Street ____________________

City & State ____________________ Zip Code ________

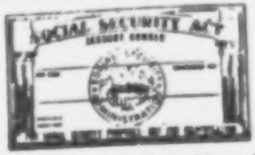
Sign Your Name Here ____________________

Do Not Print

I am the individual to whom the record pertains. I understand that if I knowingly and willingly request or receive a record about an individual under false pretenses I would be guilty of a Federal crime and could be fined up to $5,000

If you ever used a name (such as a maiden name) on a social security card different from the one above, please print name here ____________________

Remove This Form And Use In The Envelope Attached



Paper Cards Are Not Free

Your Paper Card is not as free as many people would like to believe. Your paper card costs you, the taxpayer, and the government at least $4.92 each according to SSA published reports for the year 1980.

Cards Are Easily Falsified

Your Paper Card is too easily copied or falsified by anyone on simple office machines.

Cards Are Easily Destroyed

Many Paper Cards are easily destroyed by body heat, perspiration, wallet-wear or accidental laundering.

Replacement Can Be Expensive

Replacement of your paper card can be very expensive with time off from work, driving & parking costs, finding birth certificates or other proof of birthright plus taking a number and waiting in line behind other folks at the local SSA.

Paper Cards Are Not For Identification

Congress originally established the paper card so it could not be used for identification and had it printed on the card.

Government Pressures To Use Card

Increased pressure by the Government to require employers to demand to see your card is making it more difficult to get a job. Other institutions that ask for your number before you can proceed are the banks, hospital admissions, college enrollments, passport offices, unemployment checks, food stamps, welfare checks, veterans benefits, lottery winnings and State driver's license.

6 to 8 Million Paper Cards Issued Annually

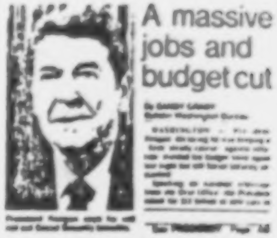
Every year, about 6 to 8 million paper cards need to be issued or re-issued depending on whether it is a new card or a replacement card for one lost, destroyed or stolen.

"Over the years, I have gotten my social security card replaced 8 times. Paper cards get destroyed in my pocketbook all the time. I just recently learned that it is against the law to use the card for identification. Please send my new Card right away so I can use it for check cashing. I am delighted to help the government and pay for my own plastic lifetime card and cut out some of the waste going on."

Helen Jamoskai
Chicago, Illinois

"Thanks to my computer printout, I discovered a $30,000 dollar mistake where the social security system neglected to credit my account for the year 1979. If I had not learned about this error in time to correct it, I probably would have suffered a considerable reduction in my monthly retirement checks after reaching retirement age."

Robert Monty
Fresno, California



A massive jobs and budget cut

As the news article above explains, President Reagan has expressed on television several times his pledge to keep Social Security financially sound so it will be there for you and your children when you need it.

The Private Sector Asked To Pay $3 Toward The Plastic Card

Mr. Reagan has asked the Private Sector to use its resourcefulness to create ideas as to how government might be reduced in size in order to cut deficit spending and help promote the free enterprise system. The Social Security Plastic Card is one such example and you, being part of the American Dream are being asked to pay $3 toward the card in answer to Mr. Reagan's request to help get the System working again.

Usable As Proof Of Age

Your new plastic card can also include your age should you desire to use it as proof that you are over 18 years of age.

IMPORTANT NOTICE. You are not required in any way to apply for this new plastic card explained in this brochure. This offer is being made from the Private Sector under the title of "Plastic Card Center" which is not affiliated with any government agency. This brochure has been reviewed by the Federal Trade Commission and the Social Security Administration for purposes of making recommendations and changes. Paper cards and Statements of Earnings are available at local social security offices at Government expense. Neither President Reagan nor any branch of the United States Government have endorsed this convenient cost-cutting plastic card in any way whatsoever.

200
MILLION
ACCOUNTS

GOVERNMENT VERIFICATION

Immediately upon receipt of this signed application with your signature below, your name and number will be keyed into a master computer system. Then a verification computer check will be run against the same name and number that appears of your records at Social Security Headquarters.

SEAL HERE

If the name and number you supply on this application do not agree with your computer records your verified lifetime plastic card cannot be issued. *Warning. If you supply us with false or erroneous information resulting in a computer rejection for your new plastic card, you will be notified by mail and your $3 may be used to pay costs involved.*

This is how my name and number now appear on my paper card.

(Unless you send the exact name and number from your paper card, the computer will reject your application.)

☐☐☐ ☐☐ ☐☐☐☐

enter your social security number here

____

Print your name as it appears on your paper card

SIGN HERE: ____________________________

My signature above is my permission for the Social Security Administration located in Baltimore to check my name and number on its computers prior to my verified plastic card being issued to me.

CONSUMER PROTECTION NOTICE

Over the next few months we expect to process millions of applications for the new plastic card. The Government's Social Security computers first priority is the processing of benefit checks each month so please do not get impatient with us. Your card may take up to 4 weeks and your printouts up to 8 weeks. Please do not call your local Social Security Office because they cannot help you concerning any delays with your new plastic card. If there is a delay in the verifying of your social security number you will be kept informed by mail according to the consumer protection laws.

Proof of Birthdate (optional)
Indicate your Birthdate here if you want it embossed on your plastic card for identification

☐☐ ☐☐ ☐☐

SEND MY PLASTIC CARD TO:

Name ____________________________

Company if mailed to office ____________________________

Address ____________________________

City, State & Zip ____________________________

Telephone at home ____________________________

[illegible]

YES ☐ I want my plastic card and automatic statements up to 1985 for only $10

[illegible] ☐ I want my plastic card only for $3

☐ CHECK - fund enclosed ☐ $10 ☐ $3
(make checks to "Plastic Card Center")

☐ CREDIT CARD - charge me ☐ $10 ☐ $3

☐ CASH - enclosed fund ☐ $10 ☐ $3
(I want to send cash at my own risk)

[illegible] ______________________

[illegible] ______________________

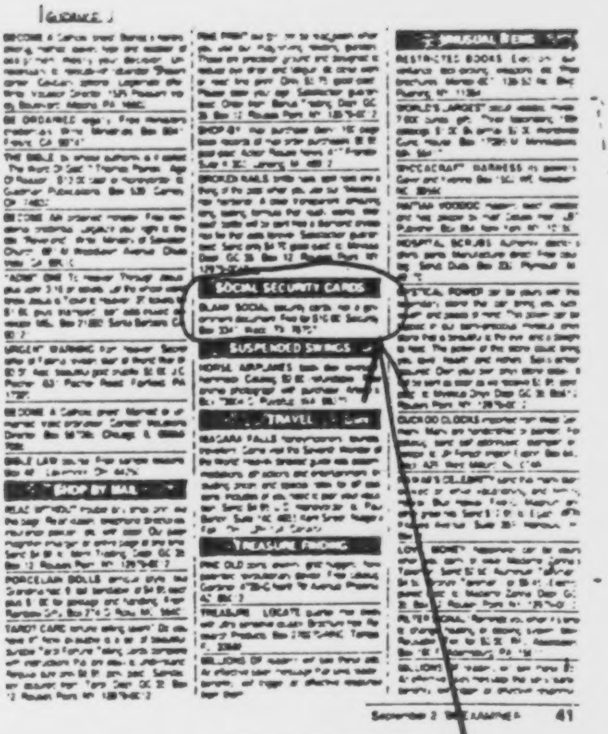
I understand my credit card account will be charged the amount shown

SIGN HERE ____________________________

Date ________________

© Copyright by SSA & Dan Dening 198[illegible]

Tab 8



SHOP BY MAIL

SOCIAL SECURITY CARDS

SUSPENDED SWINGS

TRAVEL

TREASURE FINDING

UNUSUAL ITEMS

September 2 41

Blank Social security cards not a government document Five for $10.00 Security Box 3347 Waco TX 76707

Tab 9

Senior Security Network
1411 K Street, N.W.
Suite 1010
Washington, D.C. [illegible]

Advisory Board
[illegible]
[illegible]
[illegible]

"THE CONGRESS AND THE AMERICAN PEOPLE NEED TO KNOW WHETHER THE REAGAN ADMINISTRATION HAS BEEN SECRETLY AND ILLEGALLY 'INVADING' THE SOCIAL SECURITY FUND."

Thomas P. (Tip) O'Neill
Speaker of the House

Washington, D.C.
Thursday

Minneapolis, MN 55410

My Dear Friend,

Imagine that, without your knowledge, someone gained access to your bank account, and suddenly withdrew thousands of dollars.

Your first emotion might be anger ... and then fear that perhaps nothing could be done. But then, I believe, you would move to action ... and try to get your money back as fast as you could.

Here in Washington, we're faced with just such a situation. But the theft isn't personal ... it's being done by the government. And if you now receive, or ever hope to receive, Social Security benefits, your account is being robbed, just as surely as if someone took those thousands from your bank.

During the past several weeks, startling evidence has emerged showing that the Reagan Administration has illegally invaded the Social Security Trust Fund -- misappropriating billions of dollars.

> **Your participation is needed immediately if we are to put an end to this Administration's sabotage of our Social Security system.**

Information gathered by the Social Security Subcommittee of the House of Representatives indicates that the Administration has been improperly using Social Security funds:

- In October of 1984, the U.S. Treasury failed to make its monthly transfer of funds (from payroll FICA taxes) to the Social Security fund as required by law. It did so to avoid the debt limit then in effect.
- In September, October and November of 1985 -- three

consecutive months -- the Treasury failed to make the required transfer of cash to the Social Security fund. This forced the Fund to cash in long-term, interest-bearing Treasury notes, costing the Fund as much as $2 billion in interest over the next five years.

These acts are provoking a crisis in Social Security: only a few short months ago, the Social Security Trust Fund had a healthy reserve of $35 billion. As I write this letter, the Administration has drained that reserve to just $6 billion -- not enough to cover the next month's benefit checks, unless corrective action is taken.

Later in this letter, I will ask you to participate with me in exercising our rights, under the First Amendment to the U.S. Constitution, to "petition the government for a redress of grievances."

But first, I would like to update you on the status of SENIOR SECURITY NETWORK's efforts to thwart this Administration's latest attack on Social Security:

- In November, suit was filed in federal court against the Secretary of the Treasury seeking a declaratory judgment on the illegality of his actions with respect to the Social Security Trust Fund.

- This lawsuit was brought by the S.O.S. Coalition (an alliance of senior advocacy organizations including the SENIOR SECURITY NETWORK), SSN Advisory Board member Wilbur Cohen, President Eisenhower's Secretary of H.E.W. Arthur Fleming, and others. Former U.S. Attorney General Elliot Richardson is representing us in this benchmark case.

- In the meantime, Representative James Jones (D-Ok) convened hearings before the House Ways and Means Subcommittee on Social Security to investigate the basis for "suspicions of the American people that Social Security Trust Fund monies are being used to pay for general government expenses unrelated to Social Security."

- The subcommittee hearings resulted in legislation -- adopted by Congress in December -- forcing the Treasury Department to reimburse the Social Security Trust Fund for its misappropriated billions.

These efforts have -- for the moment -- put a halt to this latest Administration misuse of Social Security funds. But SSN believes we must do more. We must bring an end -- forever -- to Ronald Reagan's attempts to undermine and destroy Social Security.

The President's record is clear. In 1981, to the horror of millions of seniors who had trusted him, Ronald Reagan tried to gut their lifeline benefits by over $82 billion ...

- Not caring that fully 25% of those over 65 have a pitifully low annual income of less than $5000 ...

- Not caring that the average Social Security check amounts to just over $400 a month ...

During his 1984 election campaign, President Reagan promised repeatedly "never to touch Social Security in any shape or form."

But, in October of 1984, even as he was making his campaign pledge, President Reagan's own Treasury Department had failed to make its monthly transfer of FICA tax revenues into the Social Security Trust Fund.

And, within weeks of his victory, he threw this pledge out the window -- proposing drastic cuts in legally-mandated Social Security cost of living adjustments (COLAs).

Our course is clear: We must permanently insulate the Social Security system from this kind of dangerous -- and illegal -- manipulation. For the remaining three years of the Reagan Administration. Forever.

Legislation has been proposed to do just that. The Social Security Subcommittee of the House Ways and Means Committee has passed -- unanimously -- H.R. 3470. This bill will:

- Establish the Social Security Administration as an independent agency ...

- Separate the Social Security Trust Fund from the federal budget, insuring that taxes collected for Social Security are not used to pay for other government expenditures, such as weapons systems ...

- Prevent the Reagan Administration -- and future administrations -- from wreaking havoc with Social Security, the most basic of our "safety net" programs.

But now we must guide this bill through the rest of the legislative process. We must persuade the House Ways and Means Committee to pass H.R. 3470. Then the full House of Representatives must vote on it. And, in the meantime, we must press for a similar bill in the Senate.

SENIOR SECURITY NETWORK needs your help to accomplish this extraordinary goal. And because our objective is so critical, we have decided to rely upon our most fundamental Constitutional guarantee -- the First Amendment.

The First Amendment provides for "the right of the people to "petition the government for a redress of grievances." SSN believes that the American people have a proper grievance with their government -- the sabotage of the Social Security system -- and that the appropriate "redress" is H.R. 3470, a bill that will protect the Social Security system from these encroachments.

Enclosed is your copy of our Official Constitutional Petition. If every person who receives this letter—returns their signed petition to us, the SENIOR SECURITY NETWORK will deliver a message that cannot be ignored!

But before you do even this, please hook your own conscience into our life-giving network -- by sending the most generous contribution you can afford to the SENIOR SECURITY NETWORK.

SSN has been active during the past year in several critical areas, fighting for the rights, the welfare -- the SECURITY -- of our nation's senior citizens:

- We helped beat back Republican efforts to cut Social Security benefits ...
- We've joined with the National Nursing Home Monitoring Project in tracking and reporting nursing home abuse, and plan to establish a nationwide hotline ...
- We've launched a Voter Registration and Education Project, to ensure that seniors -- particularly minority seniors and elderly women -- are empowered in time for the 1986 election.

The SENIOR SECURITY NETWORK has been able to do all these things because of the generosity of thousands of people who, like you, are committed to social and economic security for our nation's elderly.

So please, enclose a tax-deductible donation for as much as you can afford. You already know, as you calculate your tax-deductible charities each year, the great benefit you and SSN both receive from a contribution of $100 or more. But even a small donation ... $25, $35, or $50 ... will make a BIG difference -- if you send it today.

SSN stands ready to protect and defend our seniors' security. Will you stand with us?

With gratitude,

Thomas S. Blood, Jr.

Thomas S. Blood, Jr.
Executive Director

P.S. I urge you not to set this letter aside with the intention of responding later. H.R. 3470 is the single most important piece of legislation affecting the elderly now before Congress. We need your help to pass it. Please, don't delay ... sign and return the enclosed petition today, along with the most generous tax-deductible donation you can make. Our sincere thanks.

from the

CONGRESSIONAL RECORD OF THE UNITED STATES HOUSE OF REPRESENTATIVES

November 1, 1985

Statement of Rep. J.J. Pickle (D-Texas)

Mr. Speaker, many of us are deeply disturbed about the action that has taken place in the Treasury which was concluded with the announcement Friday that the Treasury was actually borrowing against Social Security funds.

Despite the legislative initiatives of the House to raising the debt ceiling and calling for mandatory deficit reductions which would result in a balanced budget by fiscal year 1990, the other body has refused to accept our proposal. The Department of the Treasury has once again used the Social Security Trust Funds to avoid going into default.

These actions by the Secretary of the Treasury are of questionable legality, and I have joined with Chairman Jim Jones and others in seeking judicial review of this issue.

Furthermore, using the Social Security Trust Funds to avoid the limits imposed by the Federal debt ceiling is terrible public policy. It breaks the commitment we have honored for over half a century to use Social Security contributions only for Social Security benefits. It raises once again the fears and doubts of many of today's workers that through misuse and mismanagement, Social Security will not be available when they are ready to retire.

In addition, it has an immediate adverse financial impact on the trust funds. Because nearly $20 billion of bonds held by the trust funds have already been cashed in by the Department of the Treasury, the Social Security system stands to lose in excess of $1.1 billion over the next 5 years unless the Congress passes special corrective legislation.

The Secretary of the Treasury has said this action was taken only because of the extraordinary circumstances we find ourselves in today. But there is nothing extraordinary about the need to raise the debt ceiling, this is a crisis of our own creation. What is extraordinary is that the administration and the other body would continue to hold the Social Security Trust Funds hostage to their other unrelated legislative goals.

Last Friday I reminded the House, that, without any public notice or warning to the Congress, the Department of the Treasury began converting the Social Security Trust Fund reserves into cash, and using this money to pay benefits. At the same time the Department began using FICA tax receipts to pay the current operating expenses of the Federal Government. As a result, the Social Security trust funds will have been reduced from $37 billion to $8 billion or less, and they will be insufficient to pay Social Security benefits due in December unless something is changed and changed immediately!

This administration has deliberately chosen to continue spending billions of dollars more than it receives each month, and, since it can no longer borrow these billions from the money lenders, it is now appropriating them from the Social Security trust funds.

This financial shell game is robbing the trust funds of interest payments to which they are legally entitled. Because the interest bearing Treasury bonds held by the trust funds are being drawn down, and will likely be reinvested at a lower interest rate, the trust funds face the loss of $1 to $2 billion in interest over the next 5 years.

Finally, this economic flimflam cannot help but undermine public confidence in the stability of the Social Security system. President Roosevelt may have designed a system immune from the meddling of any politician, but not the sharp pencils of this administration's desperate accountants.

Congress must act immediately to stop this outrage, to restore all the money taken from the trust funds, and to protect any administration from resorting to this kind of shameful [illegible] in the future.

Senior Security Network
1411 K Street, N.W.
Suite 1010
Washington, D.C. 20070-2022

OFFICIAL CONSTITUTIONAL PETITION TO THE CONGRESS AND THE PRESIDENT OF THE UNITED STATES

PETITION OF:

Minneapolis, MN 55410

SR25

I exercise my rights under the First Amendment to the U.S. Constitution to petition the government for a redress of grievances.

1) I petition the President to forbid the misappropriation of Social Security Trust funds by any member of his Administration.

2) I petition the President to ensure that FICA payroll taxes are regularly and automatically transferred into the Social Security Trust Fund as required by law.

3) I petition the President and Congress to preserve the Social Security Trust Fund at its full reserve status.

4) I petition the President and the Congress to permanently ensure the integrity of the Social Security system by enacting H.R. 3470 immediately.

Respectfully submitted.

(Your signature) (Date)

YES, I want to support the Senior Security Network and its efforts to restore and preserve the Social Security system. I want the President and the Congress to know where I stand.

Here is my tax-deductible contribution in the amount of

$1000 $500 $100 $50 [✓ $35] $25 Other

Your $35 contribution
will really help keep our
campaign on target

Please make checks payable to SSN
Washington, D.C. 20070-2022

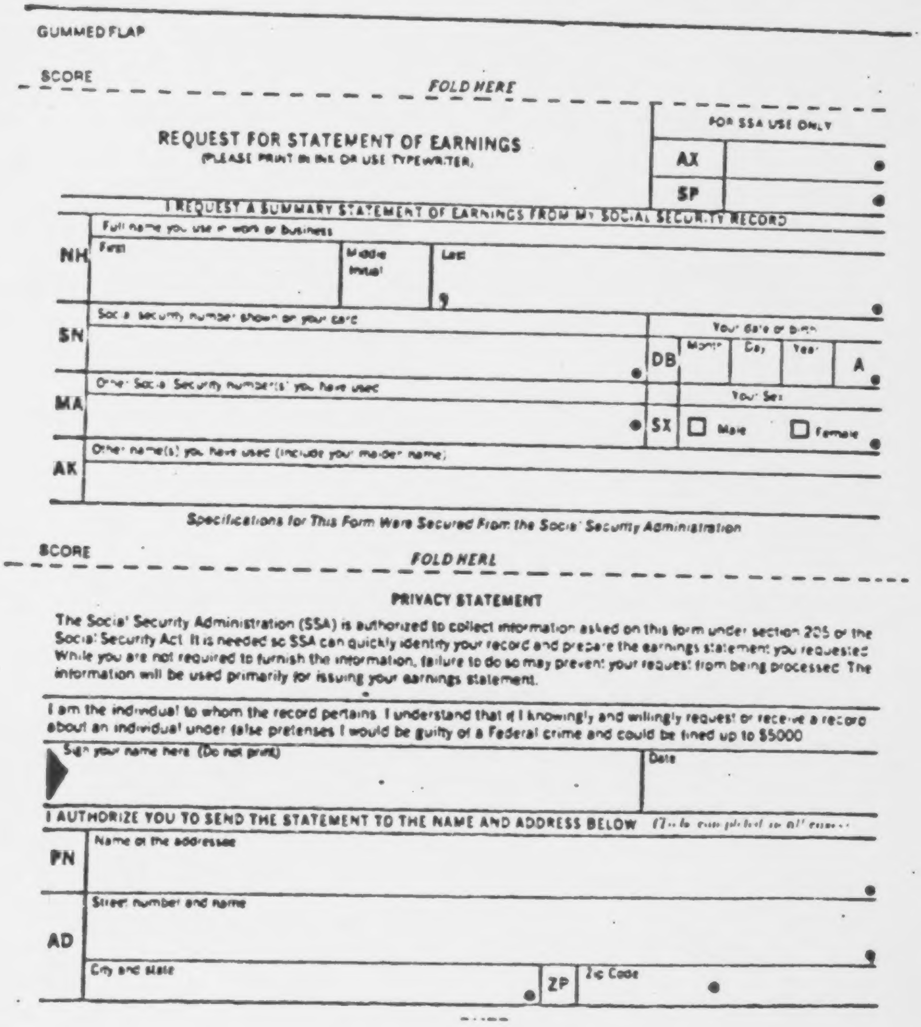
IMPORTANT. Please return entire petition form to SSN National Headquarters in the enclosed envelope TODAY so that we may present the petitions to the President and the Congress as soon as possible.

All contributions are tax-deductible.

Form SSA-7004-PC (Spec) (6-83) Destroy Prior Editions

SPECIFICATIONS FOR PRINTING FACSIMILE OF SSA OFFICIAL FORM SSA-7004 PC, REQUEST FOR STATEMENT OF EARNINGS

1. The facsimile must be the same size as the official SSA form (7 inches by 8 inches).
2. The facsimile should be printed on postal card stock.
3. The color of the card should be different from the color of the official form and preferably of a light shade. The official card is the color of this form.
4. The name of your organization should be printed on the facsimile immediately after the words "This Card Furnished Through Courtesy of" (see other side).
5. All other printed information must be identical in size and located in the same position on the facsimile as shown below in the exhibit (both sides).
6. No information other than the name of your organization and the address specified in item 7 (see other side) should be added to the facsimile.



GUMMED FLAP

SCORE

FOLD HERE

FOR SSA USE ONLY

AX

SP

REQUEST FOR STATEMENT OF EARNINGS

(PLEASE PRINT IN INK OR USE TYPEWRITER)

I REQUEST A SUMMARY STATEMENT OF EARNINGS FROM MY SOCIAL SECURITY RECORD

NH Full name you use in work or business
First | Middle Initial | Last

SN Social security number shown on your card

DB Your date of birth
Month | Day | Year | A

MA Other Social Security number(s) you have used

SX Your Sex
☐ Male ☐ Female

AK Other name(s) you have used (include your maiden name)

Specifications for This Form Were Secured From the Social Security Administration

SCORE

FOLD HERE

PRIVACY STATEMENT

The Social Security Administration (SSA) is authorized to collect information asked on this form under section 205 of the Social Security Act. It is needed so SSA can quickly identify your record and prepare the earnings statement you requested. While you are not required to furnish the information, failure to do so may prevent your request from being processed. The information will be used primarily for issuing your earnings statement.

I am the individual to whom the record pertains. I understand that if I knowingly and willingly request or receive a record about an individual under false pretenses I would be guilty of a Federal crime and could be fined up to $5000.

Sign your name here (Do not print) | Date

I AUTHORIZE YOU TO SEND THE STATEMENT TO THE NAME AND ADDRESS BELOW *(To be completed in all cases)*

PN Name of the addressee

AD Street number and name

City and state | ZP Zip Code

agency is located in	Print this address on the facsimile
Alabama, Arkansas, Colorado, Illinois, Iowa, Kansas, Louisiana, Mississippi, Missouri, Nebraska, New Mexico, Oklahoma, Texas, and Wisconsin.	Social Security Administration Albuquerque Data Operations Center P.O. Box 4429 Albuquerque, NM 87196
Alaska, American Samoa, Arizona, California, Guam, Hawaii, Idaho, Minnesota, Montana, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, and Wyoming	Social Security Administration Salinas Data Operations Center 100 E. Alvin Drive Salinas, CA 93906
Connecticut, Delaware, District of Columbia, Florida, Georgia, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, Virgin Islands, West Virginia, and foreign countries	Social Security Administration Wilkes-Barre Data Operations Center P.O. Box 20 Wilkes-Barre PA 18703

POSTAGE
REQUIRED

SOCIAL SECURITY ADMINISTRATION

This Card Furnished Through Courtesy of

YOUR SOCIAL SECURITY EARNINGS RECORD

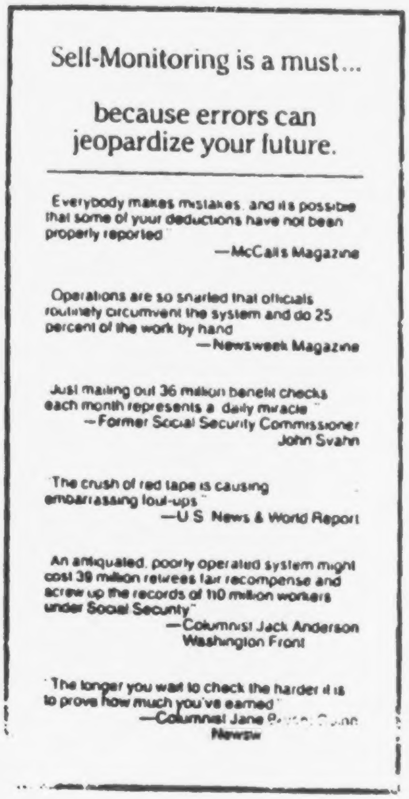
For a *free* statement of earnings credited to your Social Security record, complete other side of this card. Use card for only one person.

All covered wages and self-employment income are reported under your *name* and Social Security *number*. So show your name and number *exactly* as on your card. If you ever used another name or number, show this too.

Be sure to put a stamp on this card or it won't be delivered.

If you have a separate question about Social Security, or want to discuss your statement when you get it, the people at any Social Security office will be glad to help you.

Tab 10



Self-Monitoring is a must...

because errors can jeopardize your future.

"Everybody makes mistakes, and it's possible that some of your deductions have not been properly reported."

—McCalls Magazine

"Operations are so snarled that officials routinely circumvent the system and do 25 percent of the work by hand."

—Newsweek Magazine

"Just mailing out 36 million benefit checks each month represents a 'daily miracle.'"

—Former Social Security Commissioner
John Svahn

"The crush of red tape is causing embarrassing foul-ups."

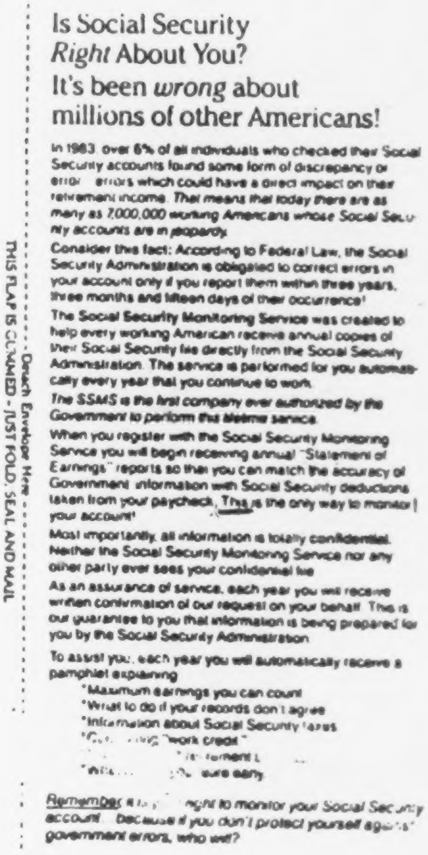
—U.S. News & World Report

"An antiquated, poorly operated system might cost 39 million retirees fair recompense and screw up the records of 110 million workers under Social Security."

—Columnist Jack Anderson
Washington Front

"The longer you wait to check the harder it is to prove how much you've earned."

—Columnist Jane [illegible]
Newsw



Is Social Security *Right* About You? It's been *wrong* about millions of other Americans!

In 1983, over 6% of all individuals who checked their Social Security accounts found some form of discrepancy or error ... errors which could have a direct impact on their retirement income. *That means that today there are as many as 7,000,000 working Americans whose Social Security accounts are in jeopardy.*

Consider this fact: According to Federal Law, the Social Security Administration is obligated to correct errors in your account only if you report them within three years, three months and fifteen days of their occurrence!

The Social Security Monitoring Service was created to help every working American receive annual copies of their Social Security file directly from the Social Security Administration. The service is performed for you automatically every year that you continue to work.

The SSMS is the first company ever authorized by the Government to perform this lifetime service.

When you register with the Social Security Monitoring Service you will begin receiving annual "Statement of Earnings" reports so that you can match the accuracy of Government information with Social Security deductions taken from your paycheck. This is the only way to monitor your account!

Most importantly, all information is totally confidential. Neither the Social Security Monitoring Service nor any other party ever sees your confidential file.

As an assurance of service, each year you will receive written confirmation of our request on your behalf. This is our guarantee to you that information is being prepared for you by the Social Security Administration.

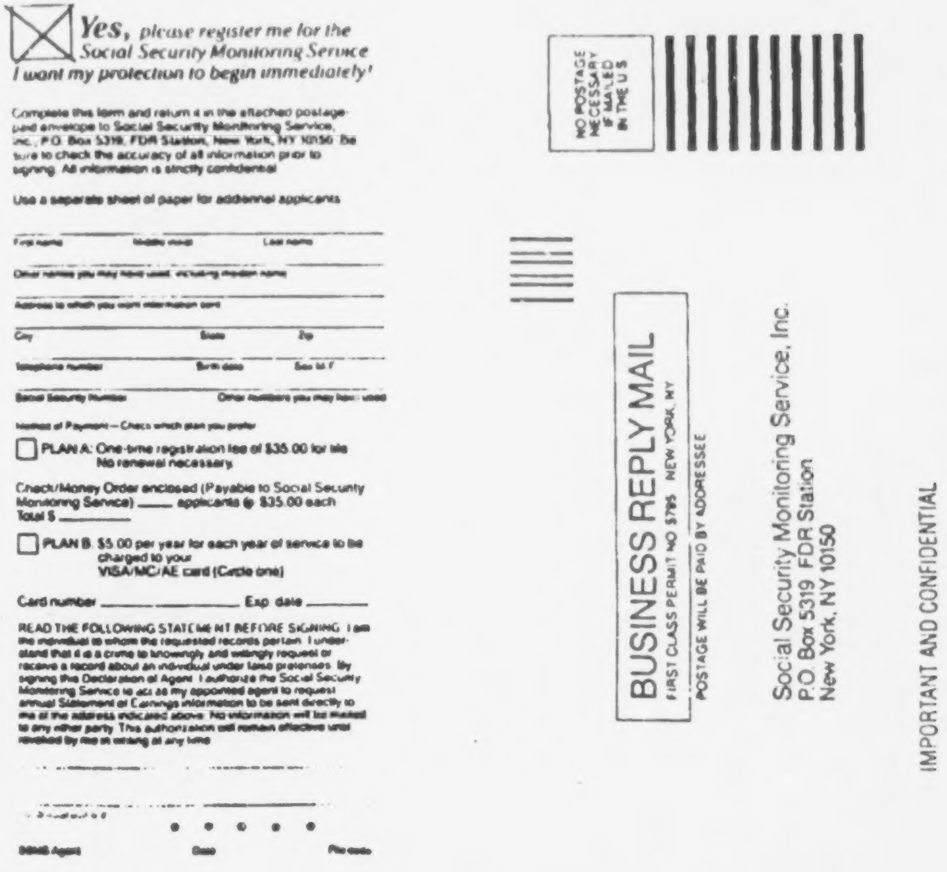
To assist you, each year you will automatically receive a pamphlet explaining:

- Maximum earnings you can count
- What to do if your records don't agree
- Information about Social Security taxes
- [illegible] "work credit"
- [illegible] retirement [illegible]
- What [illegible] sure early

Remember [illegible] right to monitor your Social Security account ... because if you don't protect yourself against government errors, who will?

Detach Envelope Here

THIS FLAP IS GUMMED - JUST FOLD, SEAL AND MAIL



☒ *Yes, please register me for the Social Security Monitoring Service*
I want my protection to begin immediately!

Complete this form and return it in the attached postage-paid envelope to Social Security Monitoring Service, Inc., P.O. Box 5319, FDR Station, New York, NY 10150. Be sure to check the accuracy of all information prior to signing. All information is strictly confidential.

Use a separate sheet of paper for additional applicants.

First name　Middle initial　Last name

Other names you may have used, including maiden name

Address to which you want information sent

City　State　Zip

Telephone number　Birth date　Sex M F

Social Security Number　Other numbers you may have used

Method of Payment—Check which plan you prefer

☐ PLAN A: One-time registration fee of $35.00 for life
No renewal necessary.

Check/Money Order enclosed (Payable to Social Security Monitoring Service) _____ applicants @ $35.00 each
Total $ _________

☐ PLAN B: $5.00 per year for each year of service to be charged to your
VISA/MC/AE card (Circle one)

Card number _______ ___________ Exp. date ________

READ THE FOLLOWING STATEMENT BEFORE SIGNING: I am the individual to whom the requested records pertain. I understand that it is a crime to knowingly and willingly request or receive a record about an individual under false pretenses. By signing the Declaration of Agent I authorize the Social Security Monitoring Service to act as my appointed agent to request annual Statement of Earnings information to be sent directly to me at the address indicated above. No information will be mailed to any other party. This authorization will remain effective until revoked by me in writing at any time.

Signature

SSMS Agent　Date　Pin code

NO POSTAGE
NECESSARY
IF MAILED
IN THE U S

BUSINESS REPLY MAIL
FIRST CLASS PERMIT NO 5785 NEW YORK, NY

POSTAGE WILL BE PAID BY ADDRESSEE

Social Security Monitoring Service, Inc.
P.O. Box 5319 FDR Station
New York, NY 10150

IMPORTANT AND CONFIDENTIAL

Rocky Mountain News, Denver, Co., 12/5/83
advertising supplement

Application

Complete this form and return it to **Social Security Monitoring Service, P.O. Box 5319, FDR Station, N.Y., N.Y. 10150. Be sure to check accuracy of all information prior to signing. All information is *strictly* confidential.**

Use separate sheet for additional applicants.

First Name Middle Initial Last Name

Other Names You Have Used, Including Maiden Name

Address

City State Zip

Telephone Number Birth Date Sex M/F

Social Security Number Other SS Numbers You Have Used

Check Enclosed ______ Money Order Enclosed ______ Make Checks Payable to: Social Security Monitoring Service

______ applicants @ $28.00 each $______

READ THE FOLLOWING STATEMENT CAREFULLY: "I am the individual to whom the requested records pertain. I understand that it is a crime to knowingly and willingly request or receive a record about an individual under false pretenses. By signing this Declaration of Agent, I authorize the Social Security Monitoring Service to act as my appointed agent to request annual Statement of Earnings information to be sent directly to me at my current address. No information will be mailed to any other party. This authorization can be revoked by me in writing at any time."

Signature Date

For Office Use Only

SSMS Agent Signature Date File Code -1

Social Security Computer Errors May Affect 7,000,000 People!

Are You One of Them?

Over 6% of all checked Social Security records were in error in 1983. That means you may *not* receive your full benefits when you retire — even though deductions were taken from your paycheck!

The Social Security Monitoring Service is the first government-authorized company that can help — by making sure that you receive copies of your Social Security account each and every year that you work.

As your agent, the SSMS will request that the Social Security Administration send copies of your earnings statements directly to you so that you can compare it with your own records. Only you will get to see your confidential records!

To register, complete the attached form. A one-time registration fee of $28 is charged. There are *no additional charges* and *no annual fees* no matter how long you continue to work.

Don't let computer errors jeopardize your retirement. Let us make your future a secure one.

Social Security Monitoring Service, P.O. Box 5319, FDR Station, New York, N.Y. 10150

SOCIAL SECURITY
PROTECTION BUREAU WASHINGTON DC 20069

Tab 11

Dear Friend:

You could be a winner in the "Social Security" $50,000 Sweepstakes!

Plus you're guaranteed to receive a valuable "Mystery Gift" when you help protect your social security benefits by sending your check for $7 to join the Social Security Protection Bureau.

So today complete and return the enclosed Official "Social Security" $50,000 Sweepstakes Coupons along with your $7 check.

Right now you may stand to collect over $90,000 in Social Security benefits for your first 10 years of retirement. That's why you need the Social Security Protection Bureau to help you protect this big investment. As a Bureau member, you'll be entitled to all these valuable benefits.

Your Personal Gold Embossed Social Security Card to replace the paper social security card you now own. If lost or stolen, paper Social Security Cards can be changed so that illegal aliens, etc. can actually use your social security number. That's why you should have a plastic Social Security Card. Our plastic cards are durable, almost impossible to alter or change, are accepted most places your paper card is, and can be used as proof of identification.

Personal Statement of Your Social Security Record which we will help you get directly from the Social Security Administration. Every year hundreds of thousands of Americans are not given proper credit for money they pay into Social Security. That's why it's so important you get a statement from Social Security which shows exactly how much you've paid in. Should there be any errors you can correct them before it's too late.

$500 Reward for information leading to the arrest and conviction of anyone who steals your Social Security Card, illegally uses your social security number, or tries to fraudulently collect your Social Security benefits.

Social Security Guide to Retirement sent to you every year. This short, easy to understand guide will keep you posted on all the different rule changes and procedures you need to know to qualify for maximum social security benefits.

Representation in Washington, D. C. to protect your Social Security Benefits. Our staff will constantly monitor proposed legislation in Washington, D.C. to make sure you won't lose any of the Social Security and Medicare benefits you're entitled to.

Your Social Security benefits are too important to leave unprotected.

That's why I urge you to join the Social Security Protection Bureau -- and why we're offering you a chance to be a winner in the "Social Security" $50,000.00

over, please

Social Security Protection Bureau is not affiliated with the Federal Government

Sweepstakes.

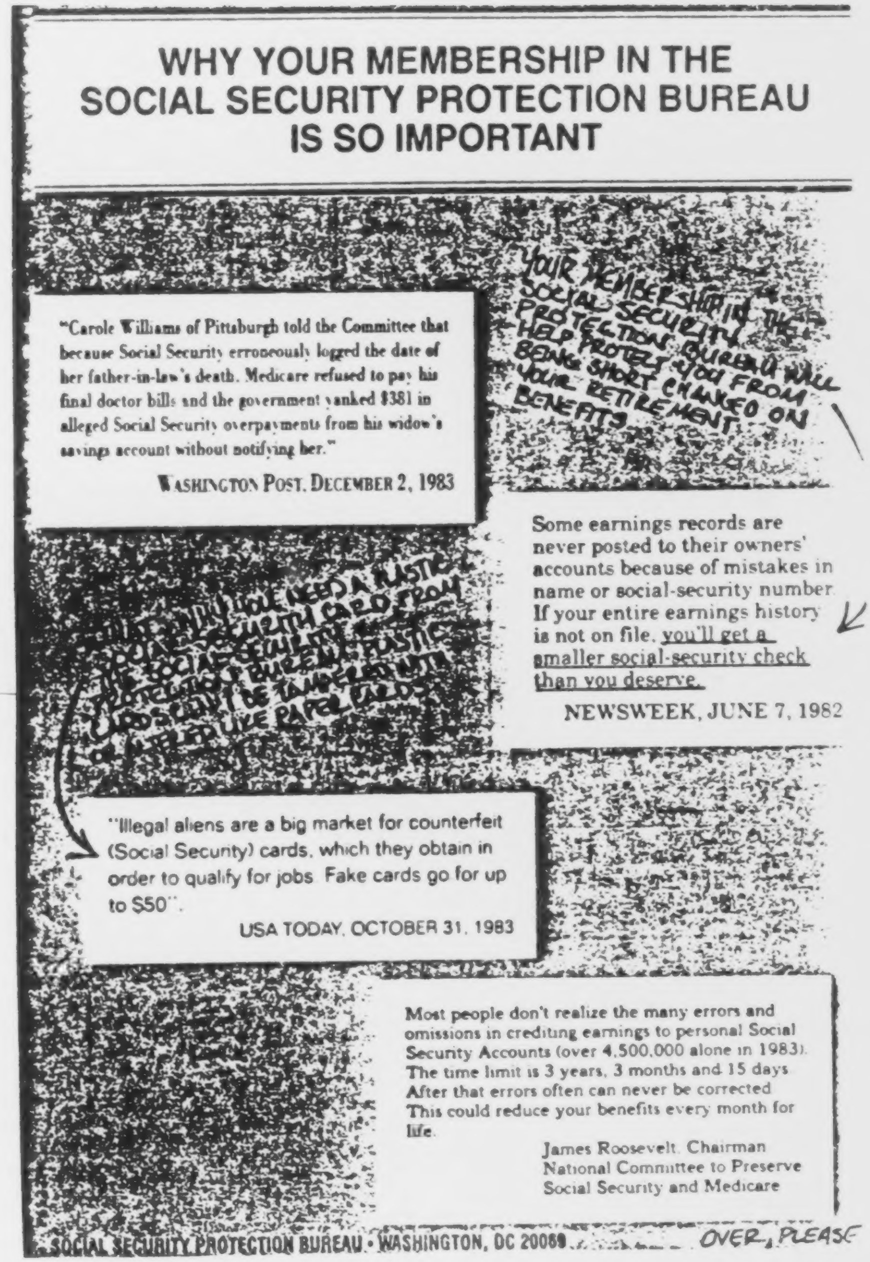
No payment is required to enter the Sweepstakes. However, if you enroll as an SSPB member by sending us your check for $7 along with your coupons, you'll be guaranteed to win a valuable "Mystery Gift" -- a prize I know you'll enjoy. Plus you'll receive your SSP3 membership kit by return mail.

So send your Coupons and your $7 check today . . .

. . . and good luck!

Sincerely,

P. D. Morris
Program Director



WHY YOUR MEMBERSHIP IN THE SOCIAL SECURITY PROTECTION BUREAU IS SO IMPORTANT

"Carole Williams of Pittsburgh told the Committee that because Social Security erroneously logged the date of her father-in-law's death, Medicare refused to pay his final doctor bills and the government yanked $381 in alleged Social Security overpayments from his widow's savings account without notifying her."

WASHINGTON POST, DECEMBER 2, 1983

YOUR MEMBERSHIP IN THE
SOCIAL SECURITY
PROTECTION BUREAU WILL
HELP PROTECT YOU FROM
BEING SHORT CHANGED ON
YOUR RETIREMENT
BENEFITS

Some earnings records are never posted to their owners' accounts because of mistakes in name or social-security number. If your entire earnings history is not on file, you'll get a smaller social-security check than you deserve.

NEWSWEEK, JUNE 7, 1982

THAT'S WHY YOU NEED A PLASTIC
SOCIAL SECURITY CARD FROM
THE SOCIAL SECURITY
PROTECTION BUREAU. PLASTIC
CARDS CAN'T BE TAMPERED WITH
OR ALTERED LIKE PAPER CARDS.

"Illegal aliens are a big market for counterfeit (Social Security) cards, which they obtain in order to qualify for jobs. Fake cards go for up to $50".

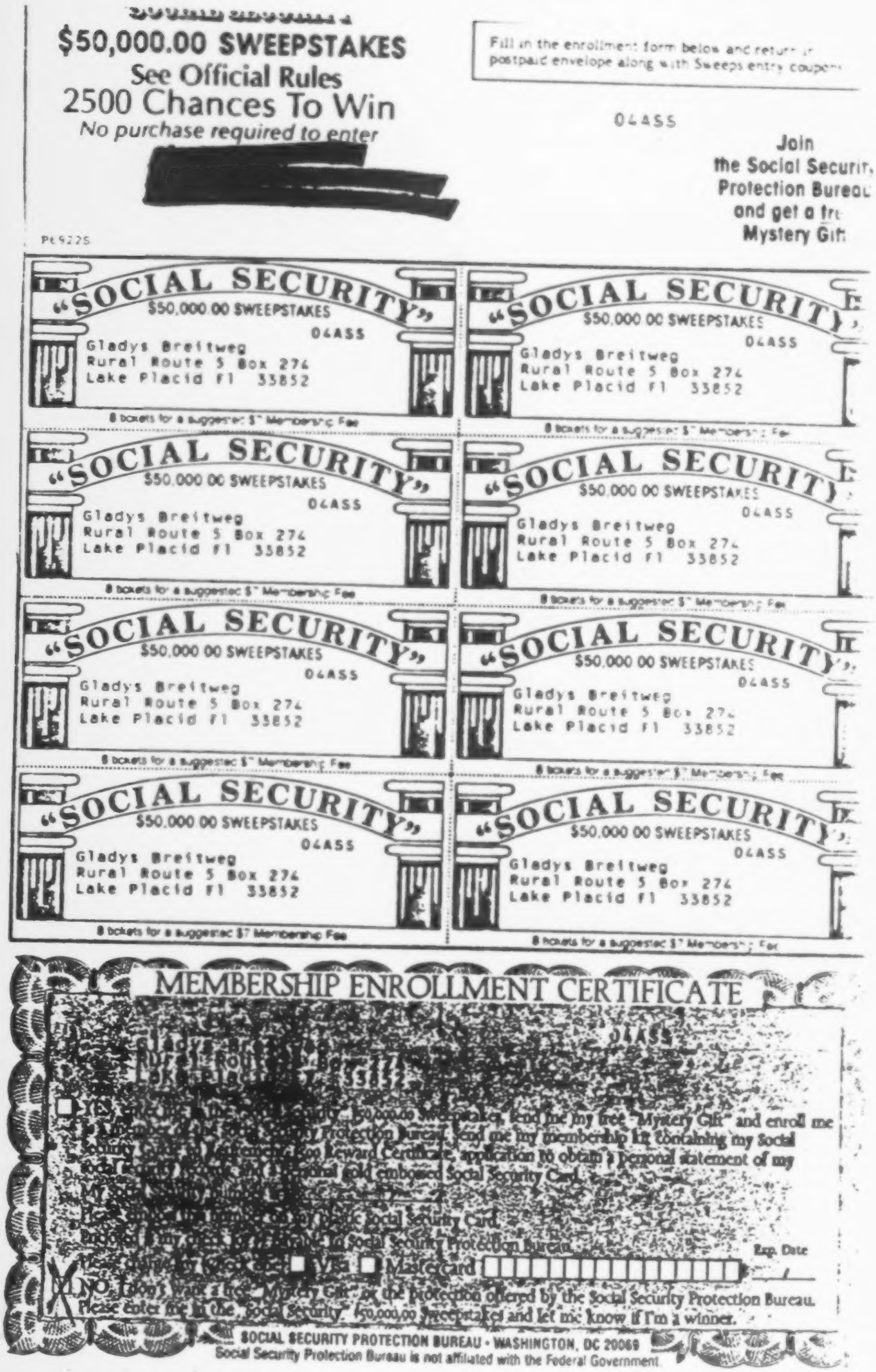
USA TODAY, OCTOBER 31, 1983

Most people don't realize the many errors and omissions in crediting earnings to personal Social Security Accounts (over 4,500,000 alone in 1983). The time limit is 3 years, 3 months and 15 days. After that errors often can never be corrected. This could reduce your benefits every month for life.

James Roosevelt, Chairman
National Committee to Preserve
Social Security and Medicare

SOCIAL SECURITY PROTECTION BUREAU • WASHINGTON, DC 20069

OVER, PLEASE



[illegible]
$50,000.00 SWEEPSTAKES
See Official Rules
2500 Chances To Win
No purchase required to enter

[redacted]

Pt922S

Fill in the enrollment form below and return in postpaid envelope along with Sweeps entry coupons

04ASS

Join
the Social Security
Protection Bureau
and get a free
Mystery Gift

"SOCIAL SECURITY"
$50,000.00 SWEEPSTAKES
04ASS
Gladys Breitweg
Rural Route 5 Box 274
Lake Placid Fl 33852
8 tickets for a suggested $7 Membership Fee

"SOCIAL SECURITY"
$50,000.00 SWEEPSTAKES
04ASS
Gladys Breitweg
Rural Route 5 Box 274
Lake Placid Fl 33852
8 tickets for a suggested $7 Membership Fee

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"SOCIAL SECURITY"
$50,000.00 SWEEPSTAKES
04ASS
Gladys Breitweg
Rural Route 5 Box 274
Lake Placid Fl 33852
8 tickets for a suggested $7 Membership Fee

MEMBERSHIP ENROLLMENT CERTIFICATE

04ASS
Gladys Breitweg
Rural Route 5 Box 274
Lake Placid Fl 33852

☐ YES, [illegible] the "Social Security" $50,000.00 Sweepstakes, send me my free "Mystery Gift" and enroll me [illegible] Protection Bureau. Send me my membership kit containing my Social Security [illegible] Reward Certificate, application to obtain a personal statement of my Social [illegible] personal gold embossed Social Security Card.

[illegible] plastic Social Security Card.

Enclosed [illegible] payable to Social Security Protection Bureau.

[illegible] ☐ Visa ☐ Mastercard ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐ Exp. Date ___/___

☒ NO, I don't want a free "Mystery Gift" or the protection offered by the Social Security Protection Bureau. Please enter me in the "Social Security" $50,000.00 Sweepstakes and let me know if I'm a winner.

SOCIAL SECURITY PROTECTION BUREAU • WASHINGTON, DC 20069
Social Security Protection Bureau is not affiliated with the Federal Government

Official Rules

1 How to Enter—return the official entry form in the appropriate envelope provided with or without a contribution. Either way you are eligible to win.

2 Drawing—An independent agency selects the winner. Each entry has an equal chance to win the prize. The winner will be drawn at random from all entries received as the result of this promotion. Winners will be selected approximately 45 days after deadline date by an independent accountant whose decisions are final. You do not have to be present to win. The winners check will be sent after the drawing date by return mail after full compliance with official rules.

3 Prizes—The total value of the Sweepstakes is $5,000. Winners may choose between $5,000.00 in cash, gold, diamonds, furs or vacations. The winner may choose any of the prizes offered. The value of the one grand prize will be worth $5,000.00 on the day of the selection by the winner.

4 Who is eligible to enter—The sweepstakes is open to residents of the United States, 18 years and older, and its possessions. Sponsors of the Sweepstakes, their families, agents, vendors and paid staff are not eligible to win. Winners will be asked to sign an affidavit of eligibility and release from liability and advertising consent. Mutilated or illegible entries are disqualified. Attempts to reproduce or duplicate entries will be disqualified.

5 General—This sweepstakes is a cooperative sweepstakes which may be presented in different creative presentations by various direct marketing organizations. Offer void where prohibited by law. All federal, state and local regulations apply. Taxes on all prizes are the responsibility of winners.

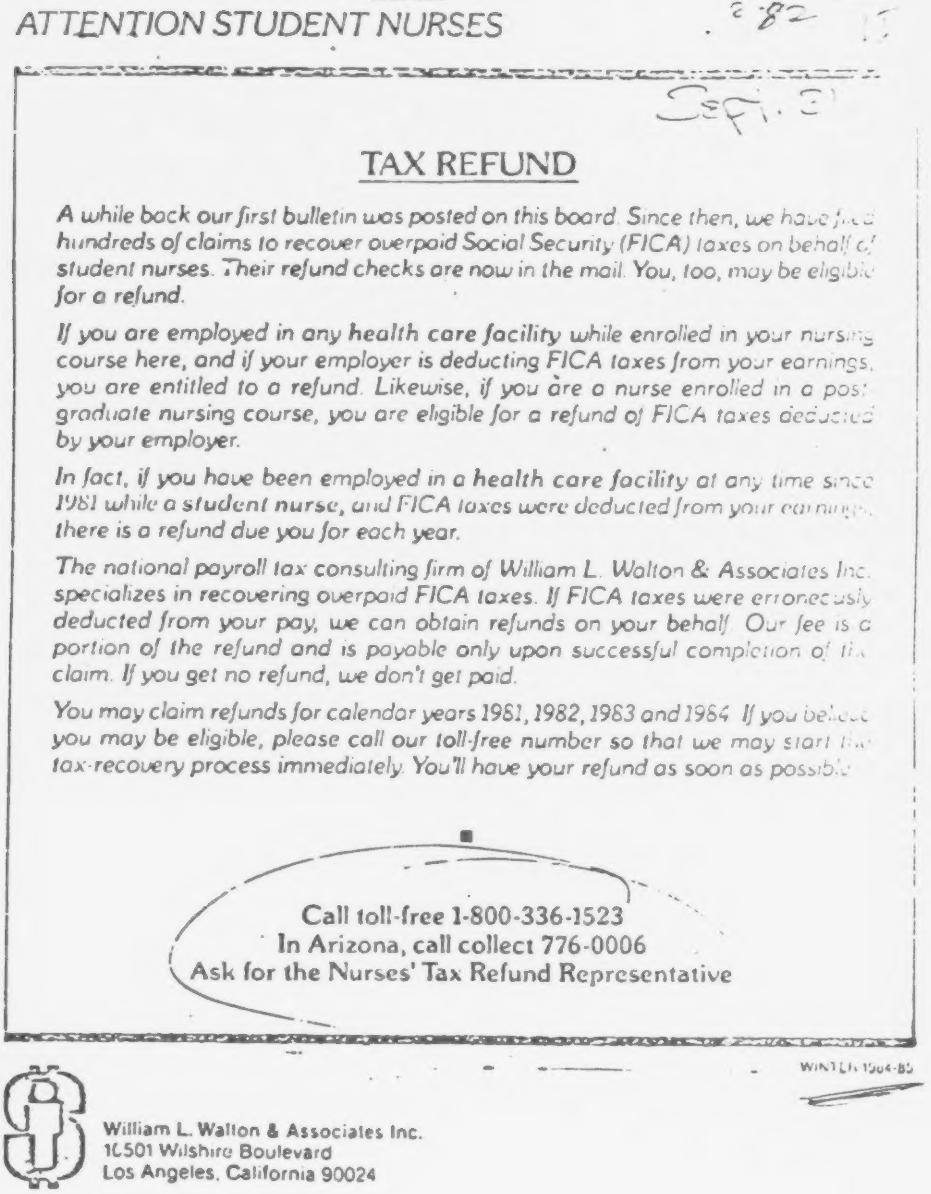
6 Sweepstakes Ends—The deadline for entering the sweepstakes is October 15th, 1986. Postmark determines date.

7 Winners—For the names of the major prize winners, write to Sweepstakes Winner List, Department AF, P.O. Box 19532, Alexandria, VA 22320. Unclaimed prizes will not be awarded. Prizes are non-transferable and there are no substitutes.

8 Odds of winning are determined by the number of official entry forms received. Not responsible for lost, late, or misdirected mail. Prize claim coupons will not be honored if mutilated, altered, tampered or stolen or not received through legitimate channels.

SSPB is not affiliated with the Federal Government

Tab 12



ATTENTION STUDENT NURSES

2-82

Sept. 3

TAX REFUND

A while back our first bulletin was posted on this board. Since then, we have filed hundreds of claims to recover overpaid Social Security (FICA) taxes on behalf of student nurses. Their refund checks are now in the mail. You, too, may be eligible for a refund.

If you are employed in any health care facility while enrolled in your nursing course here, and if your employer is deducting FICA taxes from your earnings, you are entitled to a refund. Likewise, if you are a nurse enrolled in a post-graduate nursing course, you are eligible for a refund of FICA taxes deducted by your employer.

In fact, if you have been employed in a health care facility at any time since 1981 while a student nurse, and FICA taxes were deducted from your earnings, there is a refund due you for each year.

The national payroll tax consulting firm of William L. Walton & Associates Inc. specializes in recovering overpaid FICA taxes. If FICA taxes were erroneously deducted from your pay, we can obtain refunds on your behalf. Our fee is a portion of the refund and is payable only upon successful completion of the claim. If you get no refund, we don't get paid.

You may claim refunds for calendar years 1981, 1982, 1983 and 1984. If you believe you may be eligible, please call our toll-free number so that we may start the tax-recovery process immediately. You'll have your refund as soon as possible.

Call toll-free 1-800-336-1523
In Arizona, call collect 776-0006
Ask for the Nurses' Tax Refund Representative

WINTER 1984-85

William L. Walton & Associates Inc.
10501 Wilshire Boulevard
Los Angeles, California 90024

Chairman Jacobs. Thank you, Ms. Hardy.

Mr. Moody?

Mr. Moody. Thank you.

Can you give us some of what you understand to be the inaccurate false or misleading statements that you referred to that you have found, that you've looked at and determined to be inaccurate?

Ms. Hardy. We have a variety of those that we can submit for the record. Such statements come from various sources that range from groups that are conducting sweepstakes to the Social Security Monitoring Service which charges you money to get an earnings record, which can be done for free by writing to us. Different kinds of earnings statements are requested; costs range from $10 to $50 to supply information that the Social Security Administration supplies for free. [See appendix A, item 1.]

Mr. Moody. Have you looked at any of the what some previous witnesses have characterized as scare tactics or frightening statements? Have you looked at any of those for accuracy?

Ms. Hardy. We have looked at all of the materials that come to our attention, and have alerted the senders where we think that there is a problem, and we have correspondence, which we can also share with you, with different organizations.

Mr. Moody. When you have corresponded with the organizations, and let me ask you about the Roosevelt organization in particular, how have they responded when you've brought the misleading statements to their attention?

Ms. Hardy. They have recently said that they have not agreed with us. In the past—I believe a couple of years ago—there was some referral to the Postal Service. You'll have to check with the Postal Service on that, in terms of Social-Security-looking documents or whatever, but it's my understanding that has been corrected.

Mr. Moody. Did you take any legal action to correct either the official looking appearance of the documents or to correct misleading statements, or did you simply write a letter to the offending organizations?

Ms. Hardy. The visual part of the documents is under the Postal Service jurisdiction. In terms of trying to communicate when we think there are misleading contents, we have done that. We have not taken legal action.

Mr. Moody. But have you corresponded with the Postal authorities to point out what you feel are misstatements?

Ms. Hardy. No, misstatements would be taken care of by correspondence from us, and the Postal Service would deal more with misleading-looking kinds of advertising.

Mr. Moody. Thank you.

Chairman Jacobs. Mr. Daub?

Mr. Daub. Commissioner, it's always good to see you. I would understand your role in misleading advertising as being limited to persuasion and negotiation, and finally referral to postal authorities.

It that a sufficient arrangement? Are you satisfied with that or would you prefer to have added legal authority to initiate civil action?

Ms. HARDY. I think that role is accurate and should stay the way it is. First, I believe that public information is the best way to attack all of this. Second, I don't see Social Security as a, should I say, law enforcement agency. I do not think that is what you or I have in mind as to the role of the Agency. There are other branches of government that we can work with.

Mr. DAUB. Have you measured the impact on district office operations with respect to calls and/or visits because of mailings of these kind, and do you associate them with the actual receipt of that mail in the few days thereafter, an impact if you will?

Ms. HARDY. Clearly, there is an impact at the local level. People do come into the office, and I would guess, among the 1,300 offices around the country, that number probably averages a couple of thousand per week. I mean it is not millions, but I have heard in anecdotal discussions with the staff that there are people who come in and say if I don't do what I'm told, I won't get my Social Security checks, and that's the fear that clearly we want to prevent.

Mr. DAUB. Well, I can tell you why I became interested in this particular matter. I served 4 years on the Health and Long-Term Care Subcommittee of the Aging Committee. I watched these sorts of scheming individuals and organizations develop their attack on a very unsuspecting and willing population. Then I received a notice from my Social Security office that they'd received a question about a letter that one of our beneficiaries had received, who called their office asking why this piece of mail said that I was not a candidate for reelection when in fact my name was on the ballot.

But we'll talk to that individual and his group when he testifies in a moment.

Thank you.

Chairman JACOBS. Chairperson Pickle?

Mr. PICKLE. Thank you, Mr. Chairman, for allowing me to ask a question also at this committee hearing.

Commissioner Hardy, it's good to have you before our committee. I know the enormous task and responsibility you have because I've worked with your agency very closely in recent years.

You've indicated in your testimony that you disapprove of organizations that charge a fee for services that are given free by the Social Security office, either here or in all of our offices throughout the country. At the same time, I understand that SSA has entered into contracts with many of these private organizations to give them a computerized tape of wage earnings of those individuals who belong to that member's organization.

Is that correct? Do you have a contract entered into with any private organization?

Ms. HARDY. Yes, Mr. Chairman, we have, I believe Benefacts. If you, as a citizen, want a statement of your earnings, you could pay the organization and they will get it for you. They have to have your signature and your authority and all the legal work that goes with that.

Mr. PICKLE. What is the name of the group?

Ms. HARDY. Benefacts, I believe.

Mr. PICKLE. Benefacts.

Ms. HARDY. Then they give us that tape and——

Mr. PICKLE. You mean a Social Security organization?

Ms. **Hardy**. No, sir. It's a private organization, and I believe there may be more than one. We will provide earnings statements for those people, the people basically have paid an intermediary to do their work for them.

Mr. **Pickle**. If you have a contract with these organizations to furnish them wage earning reports, would you say that is encouraging those private organizations to grow and get larger, whether it's this Benefacts or it's the National Committee, or whatever?

Ms. **Hardy**. I am in the process of looking into the earnings record situation. I don't quite think so. I don't think it would encourage them. What I'm trying to say is it's another opportunity for Americans to get their record. They also do one or two more steps than we do in providing an earnings record.

Mr. **Pickle**. Let me ask a follow-through question because you do have contracts with these private organizations. They give you a list of their members. You give them a computerized tape of their earning wages. And I submit this raises a legitimate question: does this encourage them to grow, that organization, and other organizations, so that they would cause a heavy burden on Social Security.

Let me follow that with this observation. Three members of this Ways and Means Committee have written you a letter about the fact that we're not having continuing disability reviews maintained at the right level under the disability program, and we have received your letter and I think as far as replying to us, it took a considerable time for that letter to get mailed. Mail service must be bad between Baltimore and here. We, of course, are going to be looking at that subject, and thank you for answering our letter about it.

Ms. **Hardy**. I'm aware of that.

Mr. **Pickle**. Now, it raises this question. You indicated in your letter to me that you plan to make considerable cuts in the Social Security employee ranks, and if I remember, and I may be wrong, it was reduced by upwards of say 11,000 people in the next 5 years. This prospect frightens local Social Security offices throughout the nation because we're constantly getting a lot of complaints about slow service, and how they're not tending to their jobs, and all the complaints you get out of a big big organization. But I ask you, is this the reason why that some people then feel they should go to private organizations, instead of relying on Social Security? Because they can get service from private groups?

Ms. **Hardy**. No, I don't think there's any correlation whatsoever.

Mr. **Pickle**. Well, by making these big cuts and by giving extra service to private groups, does this give any indication that you want to privatize Social Security?

Ms. **Hardy**. Absolutely not. I do not think there's any correlation and I'd like to have the opportunity to explain where we are with some of these.

Since 1984, Social Security's been on a 6-year plan to reduce staff by 17,000. We are on that plan. I have said to you and your colleagues and to all of the employees most importantly, that there will be no reduction in force, that we will maintain public service. Recent GAO studies have indicated that we are doing exactly that and our service is very good.

We also see, when we look at contracting out for a private service which people could get for free, that a lot of people just don't know, because we haven't advertised, what they can get from us. If you received in the mail something that says, if you pay me $10, you can get your earnings statement, that individual has that choice, just like any other piece of mail that they read or received.

I think it's a poor choice for them to make, but some of these companies also do more than Social Security has done in the past, and in some ways, I'd like to see Social Security emulate what some of these companies do in sending statements out to individuals. You should know what you've paid in. You should know what you've contributed, and you should know what you can expect to receive. And I would hope I can get that done next year.

Mr. **Pickle**. Well, I submit that it raises some serious questions as a policy matter, the Social Security Administration and the Congress have got to have a better understanding perhaps as we go along.

One last thing, though I'm not a member of this subcommittee, can Social Security give to this subcommittee a sample of the mailings that go out by these various organizations pointing out to us statements that are overstatements, misrepresentations, or even illegal? Do you see most of these mailings? Could you give us a report on them, giving your opinion on whether they would or would not be in compliance?

Ms. **Hardy**. When we see them. We don't always see them, but when we see them, we'd be glad to annotate them and give you our opinions as to what we think. [See appendix A, item 1.]

Mr. **Pickle**. You must have seen dozens of them because there are a dozen organizations out there. If you haven't, you've looked the other way. But, if you have received them, have you sent anything to us and complained to the committee that this is stretching the truth, or overclaiming?

Ms. **Hardy**. In my recent testimony to the House Committee on Aging, I did point out some of our concerns, yes, sir. And I certainly would be very pleased to share that with this subcommittee. [See appendix A, item 2, tab A.]

Mr. **Pickle**. Well, since this is the committee of jurisdiction for Social Security, you might share that with us, too, then.

Thank you, Mr. Chairman.

Chairman **Jacobs**. Thank you, Mr. Pickle.

Mr. Levin?

Mr. **Levin**. Thank you.

On page 7 of your testimony, you indicate what can be done in response to misleading advertisements and solicitations. And you say when the practices come to your attention, you contact the organization and seek voluntary cooperation.

How often has the administration been in touch with the National Committee to Preserve Social Security and Medicare?

Ms. **Hardy**. I do not have that number for you, sir.

Mr. **Levin**. Has it been often?

Ms. **Hardy**. I can provide that for you and we can provide the correspondence.

Mr. **Levin**. Has it been often?

Ms. **Hardy**. I think it's been fairly often.

Mr. **Levin**. Have you ever met with an official of that organization?

Ms. **Hardy**. Yes, I have. Mr. Roosevelt and I have traded schedules over last summer, and then we both had to cancel out for various reasons, so we haven't had the opportunity to sit down. But I have met with the treasurer and with the general counsel.

Mr. **Levin**. You've traded schedules since the summer?

Ms. **Hardy**. Yes, and it's been difficult.

Mr. **Levin**. There's been no time between the summer and March 10 to get together?

Ms. **Hardy**. We haven't found that time, but as I said, I did meet with the general counsel and with the treasurer recently in the last month.

Mr. **Levin**. And what was the nature of those conversations?

Ms. **Hardy**. They were not pleased with my allegation, or the quote which was from me, that I felt that their material was irresponsible, and they asked me to not say that any longer. They wanted me to, and I said I would, rereview their material which I have recently received and am in the process of looking at again, and to correspond or to get back to them with specifics in terms of my concerns.

Mr. **Levin**. Do you know how many letters the Social Security Administration's received from citizens about the National Committee? Do you have any idea how many?

Ms. **Hardy**. I do not have that number. The Office of Public Inquiries would have the number, and I would say that it's significant.

Mr. **Levin**. Okay, then, you say if you're unable to obtain voluntary compliance, you can consider referring the matter to the FTC or the U.S. Postal Service. Have you considered referring the matter to the FTC in relation to complaints about the National Committee to Preserve Social Security and Medicare?

Ms. **Hardy**. The files that I have seen in looking at this issue over the last couple of months have all been referred to the Postal Service, and not the Federal Trade Commission. That may have happened in the past and that is an option that we have available to us.

Mr. **Levin**. Have you looked at that option?

Ms. **Hardy**. I've not looked at that option at the moment, no.

Mr. **Levin**. Do you have any idea when you began to receive the letters from citizens complaining or inquiring about the National Committee?

Ms. **Hardy**. I would say that our files probably go back to 1982, 1983, whatever, but it's been quite a few years. It wasn't just yesterday, and I can provide all that correspondence for you.

Mr. **Levin**. It's been a few years. I think it would be of interest if you could give us a detailed statement of the number of complaints, their numbers by years, the meetings that you've had with the officials of the National Committee, the copies of the correspondence that has gone back and forth, your discussions to the extent that you can share them with us of possible action, consideration of possible action either through the FTC or the U.S. Postal Service.

And I won't prejudge. I must say, without prejudging, that it kind of leaps out from the pages and from your testimony that there's been a fairly high level, you call it a significant level, of complaints or inquiries, but to this date, there's been no meeting between you and the president of that committee.

But let's see all the materials.

Ms. HARDY. I'd be glad to supply those for the record. I think we also need to look at what I have stated today. My concern is much broader than any one organization. What I am looking at across the board as Commissioner is all kinds of organizations. [See appendix A, item 3.]

Mr. LEVIN. Has the bulk of your letters been in relationship to mailings and other communications from this National Committee?

Ms. HARDY. We've had several other, Franklin House is one of them.

Mr. LEVIN. In terms of the bulk? Are most of them derived from reactions to communications of the National Committee to Preserve Social Security and Medicare?

Ms. HARDY. I'm not going to weigh piles of letters, but I wouldn't say absolutely yes or no. We have concerns with a lot of groups. That's why I want to say that individuals, businesses, and organizations are not being accurate. At the same time, this is free speech, this is America. And if I can work the other side, which I think you and your colleagues are interested in doing, in terms of informing the public, then I think we will have a better informed public not to respond to misleading advertising that is coming from a variety of sources.

Mr. LEVIN. But informing the public doesn't diminish your function to utilize the laws of this country.

Ms. HARDY. Absolutely not.

Mr. LEVIN. Including the laws that relate to the FTC and the U.S. Postal Service.

Ms. HARDY. Yes, sir.

Chairman JACOBS. Mr. Moody has an admitted question.

Mr. MOODY. Yes. Ms. Hardy, two or three questions.

Do you have any idea how these groups get these mailing lists of Social Security recipients? You answered earlier that you exchange tapes with some of the organizations when they have sent in requests for earnings statements, I believe.

But in terms of the organizations that are not exchanging tapes—based on some legally correct certification by the beneficiaries themselves, do you have any notion how these organizations get these names? They apparently have tremendous access to the Social Security recipients. How could this be? You do not give this out, do you?

Ms. HARDY. No, sir, we do not give this out. And when we talk about any tapes or anything else, earnings statements would, 99.9 percent of the time, be for nonbeneficiaries who are interested in what they paid in, what they contributed.

We do not provide individual addresses; those are not for sale. They are not something that we distribute; no, sir. I would just assume that it's a kind of a chain letter discussion. I mean, I don't know how you get lists of certain ages and certain types around this country, but there are many people who'd know that better than I.

Mr. MOODY. And finally, do you think that the solicitations by these organizations that we've been describing, do you think they enhance or degrade the public confidence in the Social Security system?

Ms. HARDY. I think many of the organizations that we have discussed cause a deterioration in the public confidence in the system.

Mr. MOODY. Would you be willing to say any particular ones?

Ms. HARDY. No, sir.

Mr. MOODY. You would not be willing to. Having looked at the materials, having made the generalization that these organizations degrade the public confidence in the Social Security system, you would not tell us which if any of those particular ones do that?

Ms. HARDY. No, sir. I believe that all of the organizations and businesses we have discussed degrade public confidence.

Mr. MOODY. Thank you.

Chairman JACOBS. Commissioner Hardy, I want the record to be elucidated on this matter of contracting between the administration, Social Security Administration and private groups to provide Social Security record information.

Question No. 1, does the Social Security Administration determine that a consent of the taxpayer, you say it's 99 percent, those who are still paying in, has been afforded the private organization before the Social Security Administration supplies the information about that taxpayer's records?

Ms. HARDY. Yes, Mr. Chairman, that has been double checked by us before the information is put on the tape and sent out.

Chairman JACOBS. When you contract with an organization, the organization pays money to the Social Security Administration for the accommodation?

Ms. HARDY. The tape, the data processing, yes.

Chairman JACOBS. Does that organization in turn charge its members for obtaining the information?

Ms. HARDY. Correct; $10, $25, whatever.

Chairman JACOBS. Now, when I was in law school, the rule was that you could not do by indirection what you could not do by direction, that referred to the law. We are not confronting a law that prohibits an organization from charging individuals to dig up their Social Security records and provide them for those individuals, provide the records. But we are dealing with a policy that you have stated at this hearing of not engendering the notion that it is necessary to pay to obtain that information.

Is that not somewhat at odds with contracting with organizations to charge for the information? How do you reconcile that?

Ms. HARDY. You could say that's at odds. I guess it would be helpful if I brought you the statements that they charge for versus what we currently—not in the future—do for free. And we need very much to improve the records that we send to individuals, so that they are far more intelligible English, and a few other things. And if you pay $10, that still's a waste of your money, but you will get something a little bit different—they will do some interpretation for you. They will do the calculations differently than we do, so you get a little bit more. You would have to ask certain questions of us to get exactly what they would give you.

Before I can say to you, I think it's a terrible idea to contract; I don't think people should have to pay for that; they don't have to pay for that—I think we need about 8 months to get our act together to get statements so that we can be just as good as they are.

On the legal side, you have raised something that we need to look at again, but they are——

[See appendix A, item 4.]

Chairman JACOBS. How complicated is this information? It strikes me that it boils down to two questions. How much have I paid and how much do I get? Isn't that about it?

Ms. HARDY. That's what I thought when I went to Social Security in July.

Chairman JACOBS. We're here to learn.

Ms. HARDY. It's not quite that simple. The way in which we keep the figures or your earnings statement are based on your earnings, not how much you paid in. So that's one difference. Since our records show your earnings, not how much you paid in, we get people saying that I paid $2 million in.

Chairman JACOBS. Doesn't that go to question No. 2, how much do you get?

Ms. HARDY. Well, then you would have to do a phenomenal calculation. As you know better than I, the law's extremely complicated in how we calculate benefits and that calculation's very much on an individual basis.

Chairman JACOBS. Do you calculate them accurately?

Ms. HARDY. We calculate them accurately when you start to receive, if you're talking about retirement, start to receive benefits, yes, but to project a benefit for you at the age of 30 or 40 or 50, I would prefer to have a few asterisks that says that this is approximate.

Chairman JACOBS. I understand, but is the quality of that information in the future any greater from the private organization from yours? You say they do it different from the way you do it?

Ms. HARDY. They do what you paid in. They do a contribution. They do another calculation. They say 7.15 percent of a $42,000 wage base is what you paid in, $3,003 for this year, for you. We don't do that for you.

Chairman JACOBS. They figure out what 7 percent of something is for you?

Ms. HARDY. Right and they figure back to 1951 and beyond.

Chairman JACOBS. How much does that cost?

Ms. HARDY. It's not the question of what it costs us. It's the question of how that's just not in our system at the moment.

Chairman JACOBS. No, no, no, no. I mean, is that worth something to somebody to figure out how much 7 percent of something is?

Ms. HARDY. It is because that shows how much you contributed.

Chairman JACOBS. I understand but now for $19, I bought this little watch and all I need to do is push a couple of buttons on salary and then push the one that says, point, and then 07, and I've got it.

Ms. **Hardy**. But we don't even tell you what you should use for the percentage.

Chairman **Jacobs**. Appreciate that, but I'm simply saying if you charge someone to tell him or her what 7 percent of something is, you haven't provided an awful big service, have you?

Ms. **Hardy**. No.

Chairman **Jacobs**. Good.

Are there any further questions?

Mr. **Pickle**. Well, I would like to just make one other observation.

You contract with these private groups to give information about wage earnings, and then they must sign up with that organization so that you can go get wage information?

Ms. **Hardy**. Yes, sir.

Mr. **Pickle**. And I'm sure that they do, so I don't question that. But what I question is that you run the tapes and information and you send that to that company, that organization, because they're paying you, or you're charging them.

So you send it back to them. Now that information on that wage earner is the property of that company. I'd always worked on the basis that Social Security was the one recipient. That a recipient's earning record is that individual's business and nobody else's. That's why we've never gone to a national identification card. We've always said the only person to get wage information is the individual who is affected and not any organization.

I have to say it and I can envision down the line organizations, say James Roosevelt's organization, that say we've got 8 or 10 million people here as our members. They could probably put on their membership application, we can get wage information for you if you'll send us in a check or something extra. Down the line, it could be worked where the organization would get information. This could lead to where a dozen organizations—how many organizations do you have contracts with now?

Ms. **Hardy**. I believe it's only one or two. It's very few.

Mr. **Pickle**. One or two. And what size of membership do they have? Do you have any idea?

Ms. **Hardy**. They are not members of their service. There's no membership per se.

Mr. **Pickle**. It would seem to me that you ought to stop it as of today until this matter can be examined, because it seems to me like you're going to destroy the confidentiality of wage information that that individual is entitled to keep as a private thing.

But that's an individual opinion and I just wanted to express it.

Now, I thank you very much, Mr. Chairman.

Chairman **Jacobs**. Mr. Moody.

Mr. **Moody**. What legal authority are you invoking to carry out these calculations? Is there any basis in law for what you're doing?

Ms. **Hardy**. The individual has requested it. There's a signed document that went to an intermediary, just like there would be a signed document that you could sign to ask us for your earnings statement.

Mr. **Moody**. So you're not looking at any law; you're just assuming that this is permitted?

Ms. HARDY. Their viewpoint is that they are providing a service for *x* dollars and that seems to be the question as to what is that service.

Mr. MOODY. The legislation governing you does not authorize you to do that, nor does it prohibit it, so you're just assuming it's okay? You know that you can send it to individuals. You've never had authorization to send it to organizations, as such, representing individuals, or have you?

Ms. HARDY. Not per se, but——

Mr. MOODY. It's your decision?

Ms. HARDY. Yes, because the individual has authorized it.

Mr. MOODY. You don't have any authorization but you feel that it's included in your individual authorization, is that correct?

Ms. HARDY. That's my understanding, yes. The Tax Reform Act of 1976 is the basis of that, yes, sir.

Chairman JACOBS. Commissioner, if you made no such contracts, where would we be? What would happen? Would those same organizations send you authorizations and then you would send the information back to them anyway, as the representatives of the participants in the system?

Ms. HARDY. You mean, if an individual went to an organization and we sent it back to the individual?

Chairman JACOBS. Yes, yes. If the organization paid you nothing. Organization A hasn't a contract with you at all. It simply says, here's John Jones' authorization. I'm hereby authorized to have it forwarded to me. Would you do it?

Ms. HARDY. Yes, and what I'd like to see is what I was talking earlier about an improved earnings statement so that we can get to a point where nobody will need to go to that intermediary because they will have annually or biannually some kind of statement from Social Security, and I think that's public service.

Chairman JACOBS. Well, why does the organization pay you if you would give it to it anyway without paying?

Ms. HARDY. We would give it to the individual because the individual has received something in the mail that said pay me $10 or $15 or whatever and I'll take care of this for you. And it's——

Chairman JACOBS. You mean the individual sends it to you directly?

Ms. HARDY. No, the individual sends it to the contractor.

Chairman JACOBS. But I'm talking about the organization that doesn't contract with you. You'd send the same information to that organization, even though it wasn't paying you anything, wouldn't you?

Ms. HARDY. No, we would send, if we have a contract with an organization——

Chairman JACOBS. No, no, no.

Ms. HARDY. I don't understand.

Chairman JACOBS. Now, listen carefully. I'm talking about an organization that has the authorization of Millie Smith in Iowa to secure her Social Security information, has it in hand, and hands it to you. You would give that organization, as her representative, the data, would you not, whether that organization paid you anything or not?

Ms. HARDY. On paper, not a tape, is the difference.

Chairman **Jacobs**. On paper but not on a tape?

Ms. **Hardy**. Yes. If it's signed. I'd have to——

Chairman **Jacobs**. Yeah, but the principle remains about the same, though, doesn't it? What you're charging because you provide, the tape, is that some mass thing?

Well, we appreciate your contribution to the record, Commissioner and to your associates.

Ms. **Hardy**. Thank you, Mr. Chairman.

Chairman **Jacobs**. And we'll move on to the Postmaster and find out what the situation is between here and Baltimore, I guess.

Representing the Postmaster General will be Donald J. Davis, Manager, Fraud and Prohibited Mailings Branch, U.S. Postal Inspection Service.

STATEMENT OF DONALD J. DAVIS, MANAGER, FRAUD AND PROHIBITED MAILINGS BRANCH, U.S. POSTAL INSPECTION SERVICE, ACCOMPANIED BY GEORGE C. DAVIS, ASSISTANT GENERAL COUNSEL, CONSUMER PROTECTION DIVISION, U.S. POSTAL SERVICE LAW DEPARTMENT

Mr. **Donald Davis**. Mr. Chairman, we appreciate the opportunity to testify regarding mailings to Social Security beneficiaries which can be regarded as misleading and deceptive. With me today is George C. Davis, Assistant General Counsel, Consumer Protection Division of the Postal Service Law Department. With your permission, I would like to submit my formal testimony for the record, and highlight key remarks.

Since July of 1985, the Inspection Service has received more than 300,000 consumer complaints. While we do not characterize the complaints by the age of the people making them, we know that there are some certain common problem areas.

One is the so-called look-a-like envelope which is designed to resemble official government correspondence. Many recipients, particularly elderly Americans, assume the mailings are official and are prone to respond.

The second involves organizations which solicit the elderly to pay for services that can be obtained free of charge. Paying an agency to obtain Social Security records is one example.

I would like to explain what we can and cannot do by going through our investigative jurisdiction and its limits. We must first decide whether or not a solicitation violates the criminal mail fraud statute or the false representation statute.

As our charts indicate [see attachments A and B], to prove a violation of the mail fraud statute, we must show that a defendant used the mails as an essential part of an intentional scheme to defraud. To prove a violation of the false representation statute, we must be able to show that the defendant is attempting to obtain money by mail through misrepresentation of a material fact.

Our authority is not broad enough to permit us to challenge mailings which are merely confusing, deceptive or unfair, nor do we have the authority to publish trade practice rules or guides which might curtail such advertising.

Our statutes do not authorize us to require payments of refunds to victims, require a solicitor to disclose what percent of his receipts are allocated to administrative costs, or to take legal action against a solicitation merely because it may be confusing to some recipients.

The major portion of our enforcement effort involves criminal investigations. In 1986, we obtained 1,435 arrests for violations of the mail fraud statute. We place a high priority on frauds against the elderly, and frequently discover major frauds targeted against this group.

One such investigation involved the Golden Plan of California which was a $80 million mortgage brokerage firm. The investors were left with nothing while the promoters, the Monaco Brothers, had lined their pockets with personal gains of over $3 million. The brothers defrauded 7,200 investors, many elderly, by falsifying the prospectuses and embezzling money from the firm's account.

Five members of the Monaco family were sentenced to prison terms this February. Even though they did not escape punishment, the victims no longer have their life's savings. And by the end of the trial, there were few remaining assets which could be used for restitution.

We believe that forfeiture authority under the mail fraud statute could deter con artists and freeze assets from which restitution could be made.

We also have had success in enforcing the false representation statute. Over the past 6 years, we have increased the number of cases presented to the Postal Service Law Department from 226 in 1980 to 644 in 1986. I would like to share with you some facts surrounding two of those cases.

In 1985, the Suarez Corp. of Ohio conducted a nationwide mailing to 1.9 million Americans. Because of the envelope and the content of the solicitation, many of the addressees believed that the organization was affiliated with the Government. For a $19 fee, the organization would verify their eligibility to receive unclaimed funds being held by a government or a private organization.

Based on our investigation, an administrative complaint was filed. This resulted in the issuance of orders directing the mailer to cease and desist from falsely representing its association with Government agencies, and requiring the return to senders of mail received in reply to the solicitation.

In 1983, a fund raising appeal was mailed to the homes of 400,000 elderly Americans by the National Committee to Preserve Social Security and Medicare. Many people who received or had access to this mailing felt that the envelope and letterhead gave the appearance of being from the Government.

A close examination revealed that the originator was sufficiently disclosed to avoid violations of either the mail fraud or the false representation statute.

The fund raising appeal was in the form of a four page letter containing a petition to Congress and an application for a computer printout of Social Security records. Many recipients and their congressional representatives objected to the request for a $10 donation in connection with the free printout.

They believed that some elderly recipients would be misled into thinking that the only way that they could get this information was to send in the $10. Although aspects of the letter and its envelope were confusing to some of the recipients, it did not violate our statutes. After our discussions with Mr. Roosevelt's representatives, they took voluntary action to resolve some of the issues.

An important factor to keep in mind in cases arising under the false representation statute is that an administrative law judge must conclude that the mailing when read in its entirety would falsely represent a material fact to an ordinary person.

In many cases where members of the public have complained to us about solicitations in look-a-like envelopes, a reading of the entire mailing shows that the solicitation came not from the Government but from a private organization.

We would be pleased to answer any questions that you or other members of the committee may have.

[Statement of Mr. Davis follows:]

TESTIMONY OF DONALD J. DAVIS
MANAGER, FRAUD AND PROHIBITED MAILINGS BRANCH
U.S. POSTAL INSPECTION SERVICE
BEFORE THE
SUBCOMMITTEE ON SOCIAL SECURITY
COMMITTEE ON WAYS AND MEANS
MARCH 10, 1987

MR. CHAIRMAN:

WE APPRECIATE THIS OPPORTUNITY TO TESTIFY REGARDING A WIDE VARIETY OF MAILINGS TO SOCIAL SECURITY BENEFICIARIES WHICH ARE REGARDED AS MISLEADING AND DECEPTIVE. WITH ME TODAY IS MR. GEORGE DAVIS, ASSISTANT GENERAL COUNSEL - CONSUMER PROTECTION DIVISION, U. S. POSTAL SERVICE LAW DEPARTMENT.

POSTAL INSPECTORS NORMALLY BECOME AWARE OF PUBLIC CONCERN ABOUT A SOLICITATION THROUGH COMPLAINTS WE RECEIVE FROM RECIPIENTS. THANKS TO THE EFFORTS OF CONGRESSIONAL COMMITTEES, CONSUMER GROUPS, AND GOVERNMENT PUBLIC EDUCATION PROGRAMS, THE PUBLIC IS LOOKING MORE CRITICALLY AT ADVERTISING CLAIMS AND SOLICITATIONS RECEIVED IN THE MAIL, AND PEOPLE ARE MORE WILLING TO BRING THEIR CONCERNS TO OUR ATTENTION. SINCE JULY 1985, THE INSPECTION SERVICE HAS RECEIVED MORE THAN 300,000 CONSUMER COMPLAINTS OR INQUIRIES. AND WHILE WE DON'T CATEGORIZE THE COMPLAINTS AND INQUIRIES BY AGE OF THE PEOPLE MAKING THEM, WE KNOW FROM EXPERIENCE THAT THE ELDERLY OFTEN COMPLAIN ABOUT SOLICITATIONS WHICH EMPLOY THE FOLLOWING TECHNIQUES:

"LOOK-A-LIKE" ENVELOPES -	A CURRENTLY POPULAR WAY OF INCREASING THE ATTENTION PAID TO ADVERTISING MAIL IS TO DESIGN THE ENVELOPE SO AS TO RESEMBLE OFFICIAL GOVERNMENT CORRESPONDENCE. MANY RECIPIENTS--PARTICULARLY ELDERLY AMERICANS--ASSUME THE MAILINGS ARE OFFICIAL AND ARE THEREFORE PRONE TO RESPOND AS REQUESTED. OFTEN THESE ENVELOPES CONTAIN SOLICITATIONS FOR VARIOUS CAUSES OR SERVICES WHICH MANY ELDERLY PERSONS MAY NOT UNDERSTAND AND THEIR CONTRIBUTION MAY GO MORE TO THE ORGANIZATION'S OVERHEAD COSTS THAN TO THE ULTIMATE NEED THE ORGANIZATION PURPORTS TO SERVE.
FEES FOR SERVICES -	SOME ORGANIZATIONS SOLICIT THE ELDERLY TO PAY FOR SERVICES THAT THE ADDRESSEE CAN OBTAIN FREE OF CHARGE. PAYING A PRIVATE AGENCY TO OBTAIN A SOCIAL SECURITY NUMBER IS ONE EXAMPLE OF THIS TYPE OF SOLICITATION THAT I'LL ADDRESS LATER IN MY TESTIMONY.

LET ME SUMMARIZE WHAT WE CAN, AND CANNOT, DO IN RESPONSE TO COMPLAINTS AND INQUIRIES OF THIS TYPE AND CITE SPECIFIC CASE EXAMPLES OF ACTIONS WE'VE TAKEN UNDER THE CRIMINAL MAIL FRAUD STATUTE AND THE POSTAL FALSE REPRESENTATIONS STATUTE.

FIRST OF ALL WE MUST DECIDE WHETHER OR NOT THE SOLICITATION THAT IS GENERATING COMPLAINTS FROM THE PUBLIC IS MERELY CONFUSING OR PROVOCATIVE, OR WHETHER IT VIOLATES THE CRIMINAL MAIL FRAUD STATUTE (18 U.S.C. §1341) OR THE POSTAL FALSE REPRESENTATIONS STATUTE (39 U.S.C. § 3005). AS THE CHART IN ATTACHMENT A INDICATES, TO PROVE A VIOLATION OF THE MAIL FRAUD STATUTE WE MUST SHOW THAT THE DEFENDANT USED THE MAILS AS AN ESSENTIAL PART OF AN INTENTIONAL SCHEME TO DEFRAUD. TO PROVE A VIOLATION OF THE FALSE REPRESENTATIONS STATUTE, WE MUST BE ABLE TO SHOW THAT THE DEFENDANT IS ATTEMPTING TO OBTAIN MONEY OR PROPERTY BY MAIL THROUGH MISREPRESENTATION OF A MATERIAL FACT. AN ESSENTIAL DIFFERENCE BETWEEN THE TWO STATUTES IS THAT MAIL FRAUD IS AN INTENTIONALLY DECEPTIVE ACT WHILE THE ADVERTISER'S INTENTIONS ARE IRRELEVANT IN MISREPRESENTATIONS CASES. OUR AUTHORITY IS NOT BROAD ENOUGH TO PERMIT US TO CHALLENGE MAILINGS WHICH ARE MERELY CONFUSING, DECEPTIVE, OR UNFAIR, NOR DO WE HAVE AUTHORITY TO PUBLISH TRADE PRACTICE RULES OR GUIDES WHICH MIGHT CURTAIL SUCH ADVERTISING TECHNIQUES.

WHERE WE HAVE REASON TO BELIEVE THAT EITHER STATUTE IS BEING VIOLATED, AN APPROPRIATE INVESTIGATION IS UNDERTAKEN AND, WHERE A VIOLATION IS IDENTIFIED, ENFORCEMENT ACTION WITHIN OUR AUTHORITY IS TAKEN. IN THE CASE OF MAIL FRAUD VIOLATIONS, THE RESULTS OF OUR INVESTIGATIONS ARE PRESENTED TO THE APPROPRIATE U. S. ATTORNEY. THE DEFENDANT, IF CONVICTED, COULD BE SENTENCED TO A TERM IN PRISON, REQUIRED TO PAY A FINE, OR BOTH. IN THE CASE OF A VIOLATION OF THE MISREPRESENTATIONS STATUTE, OUR INVESTIGATION FORMS THE BASIS FOR AN ADMINISTRATIVE PROCEEDING WITHIN THE POSTAL SERVICE WHICH MAY RESULT IN THE RETURN TO SENDERS OF MAIL SENT IN RESPONSE TO THE SOLICITATION AND THE ISSUANCE OF A CEASE AND DESIST ORDER AGAINST THE PERSONS CONDUCTING THE SOLICITATION.

THESE STATUTES DO NOT, HOWEVER, AUTHORIZE US TO DO A NUMBER OF THINGS THAT ARE OFTEN ASKED OF US BY THE PUBLIC.

-- WE CANNOT REQUIRE THE PAYMENT OF REFUNDS TO VICTIMS.
-- EXCEPT IN CRIMINAL CASES WHERE A SUBPOENA HAS BEEN ISSUED, WE CANNOT REQUIRE THE SOLICITOR TO DISCLOSE WHAT PERCENTAGE OF HIS RECEIPTS IS ALLOCATED TO SALARY AND OTHER ADMINISTRATIVE COSTS.
-- WE CANNOT TAKE LEGAL ACTION AGAINST A SOLICITATION MERELY BECAUSE IT MAY BE CONFUSING TO SOME RECIPIENTS.

WHEN A SOLICITATION RESULTS IN A SIGNIFICANT NUMBER OF COMPLAINTS FROM THE PUBLIC BUT DOES NOT APPEAR TO INVOLVE A VIOLATION OF OUR STATUTES, WE CONTACT THE PEOPLE CONDUCTING THE SOLICITATION, ADVISE THEM OF THE CONCERNS EXPRESSED BY OUR POSTAL CUSTOMERS AND REQUEST THAT THEY TAKE VOLUNTARY ACTION TO RESOLVE THE SITUATION.

THE POSTAL SERVICE PLACES A GREAT EMPHASIS ON PROTECTING THE AMERICAN PUBLIC FROM SCHEMES CONDUCTED THROUGH THE MAILS. IN 1986 WE OBTAINED 1,435 ARRESTS AND 1,127 CONVICTIONS FOR VIOLATIONS OF THE MAIL FRAUD STATUTE. WE PLACE A HIGH PRIORITY ON FRAUDS AGAINST THE ELDERLY AND FREQUENTLY DISCOVER MAJOR FRAUDS TARGETED AGAINST THIS GROUP.

ONE SUCH INVESTIGATION WAS OF THE GOLDEN PLAN OF CALIFORNIA, WHICH WAS AN $80 MILLION MORTGAGE BROKERAGE FIRM BEFORE IT COLLAPSED IN 1982, LEAVING MOST OF ITS INVESTORS HOLDING AN EMPTY BAG, WHILE ITS PRINCIPALS, THE MONACO BROTHERS, HAD LINED THEIR POCKETS WITH PERSONAL GAINS OF OVER $3 MILLION.

THE BROTHERS, ALONG WITH SOME OTHER FAMILY MEMBERS, HAD DEFRAUDED 7,200 INVESTORS, MANY OF WHOM WERE ELDERLY, BY FALSIFYING GOLDEN PLAN PROSPECTUSES AND EMBEZZLING MONEY FROM THE FIRM'S ESCROW TRUST ACCOUNT.

THE SACRAMENTO, CA, U.S. DISTRICT JUDGE SENTENCED THE BROTHERS TO TEN, SEVEN AND FIVE YEARS IMPRISONMENT, RESPECTIVELY. THREE OTHER MEMBERS OF THE MONACO FAMILY WHO PARTICIPATED IN THE SCAM WERE CONVICTED; HOWEVER, THEY RECEIVED LESSER SENTENCES BECAUSE OF THEIR LIMITED ROLES. EVEN THOUGH THE VICTIMS HAVE THE SATISFACTION OF KNOWING THE DEFENDANTS DID NOT ESCAPE PUNISHMENT, THEY NO LONGER HAVE THEIR LIFE SAVINGS AND, AS IS OFTEN THE CASE, BY THE END OF THE TRIAL THE DEFENDANTS HAD FEW REMAINING ASSETS WHICH MIGHT BE USED FOR VICTIM RESTITUTION.

ANOTHER CASE IS ONE IN WHICH AUSTIN J. LEAHY OF CALIFORNIA USED HIS SHAM REAL ESTATE COMPANY FROM 1981 TO 1985 TO OBTAIN TITLES TO HOMES FROM UNSUSPECTING SELLERS, WHEN ACTUAL BUYERS DID NOT EXIST. AFTER OBTAINING THE TITLES, LEAHY WOULD THROUGH MANIPULATION OF ESCROWS, SELLERS AND LENDING INSTITUTIONS, GAIN FIRST AND SECOND TRUST DEED LOANS UNDER FALSE NAMES AND NEVER REPAY THEM. OVER THE FIVE YEARS, HE PICKED UP APPROXIMATELY 60 TRUST DEEDS VALUED AT OVER $4 MILLION. LEAHY WAS SENTENCED TO FIVE YEARS IN PRISON; HOWEVER, THE JUDGE LIMITED RESTITUTION TO $210,250 AND TO ONLY THOSE VICTIMS NAMED AS SELLERS IN THE INDICTMENT.

IT'S SAD TO SAY, BUT THIS IS OFTEN THE TYPICAL ENDING TO THESE CASES. ALTHOUGH THE CON-ARTISTS ARE CONVICTED AND RECEIVE PRISON SENTENCES, THEY STILL REAP SUBSTANTIAL FINANCIAL PROFITS FROM THEIR CRIMINAL ACTIVITIES, WHILE THE VICTIMS FOR THE MOST PART ARE NOT FULLY REPAID.

YOU CAN EASILY SEE HOW CRIMINAL AND CIVIL FORFEITURE AUTHORITY UNDER THE MAIL FRAUD STATUE COULD ACT AS A DETERRENT TO THESE CON-ARTISTS WHEN THEY ARE WEIGHING THE PROFIT MARGIN OF THEIR SCHEMES. FURTHER, SUCH AUTHORITY WOULD ALLOW THE FREEZING OF ASSETS FROM WHICH RESTITUION COULD BE MADE TO VICTIMS.

WE WERE ABLE TO OBTAIN CRIMINAL CONVICTIONS AND STOP THESE SCHEMES BECAUSE WE WERE ABLE TO PROVE BEYOND A REASONABLE DOUBT THAT THE OPERATORS HAD DEVISED A SCHEME TO DEFRAUD THROUGH THE MAILS.

THE FALSE REPRESENTATIONS STATUTE, ON THE OTHER HAND, HAS A DIFFERENT STANDARD OF PROOF. AS I STATED PREVIOUSLY, WE MUST BE ABLE TO DEMONSTRATE THAT AN ATTEMPT IS BEING MADE TO OBTAIN MONEY OR PROPERTY THROUGH FALSE REPRESENTATIONS.

WE HAVE A STRONG COMMITMENT TO THE PUBLIC, AND ESPECIALLY THE ELDERLY, UNDER THE POSTAL FALSE REPRESENTATIONS STATUTE. FOR THE PAST SIX YEARS WE HAVE SIGNIFICANTLY INCREASED THE NUMBER OF CASES PRESENTED TO THE LAW DEPARTMENT. FOR INSTANCE, IN 1980 WE PRESENTED 226 CASES FOR CIVIL AND ADMINISTRATIVE ACTION DECISIONS. BE THE END OF 1986, THAT FIGURE HAD JUMPED TO 644 CASES, ALMOST TRIPLING THE 1980 FIGURE. ATTACHMENT B TO MY TESTIMONY IS A BREAKDOWN OF THE CIVIL AND ADMINISTRATIVE ACTIONS TAKEN IN 1980 AND 1986 BY THE LAW DEPARTMENT AS A RESULT OF CASES WE PRESENTED.

NOW, I WOULD LIKE TO SHARE WITH YOU SOME FACTS SURROUNDING TWO MISREPRESENTATION CASES WHICH DID NOT MEET THE LEVEL OF PROOF REQUIRED FOR A MAIL FRAUD PROSECUTION. ONE WAS PRESENTED TO THE LAW DEPARTMENT, WHILE THE OTHER WAS HANDLED THROUGH THE VOLUNTARY COOPERATION OF THE PROMOTOR.

OUR INVOLVEMENT IN THE FIRST CASE CAME ABOUT IN 1985 AFTER AN OHIO MARKETING ORGANIZATION, THE SUAREZ CORPORATION, CONDUCTED A NATIONWIDE MAILING TO THE HOMES OF 1.9 MILLION AMERICANS. BECAUSE OF THE MAILING'S ENVELOPE AND THE CONTENTS OF THE SOLICITATION LETTER, MANY OF THE ADDRESSEES ERRONEOUSLY BELIEVED THAT THE ORGANIZATION WAS AFFILIATED WITH THE GOVERNMENT AND THAT FOR A \$19.00 FEE, THE ORGANIZATION WOULD VERIFY THE ADDRESSEE'S ELIGIBILITY TO RECEIVE UNCLAIMED FUNDS BEING HELD BY A GOVERNMENT OR PRIVATE ORGANIZATION. OUR INVESTIGATION OF THIS MAILING REVEALED THAT:

(1) BASED UPON THE DESIGN AND WORDING ON THE ENVELOPE, AN ADDRESSEE COULD LOGICALLY ASSUME, BEFORE EVEN OPENING THE LETTER, THAT THE MAILER WAS ASSOCIATED WITH FEDERAL, STATE OR LOCAL GOVERNMENT.

(2) THE SOLICITATION CREATED THE IMPRESSION THAT THE MAILER HAD CONDUCTED RESEARCH WHICH ESTABLISHED THAT THE ADDRESSEE WAS ENTITLED TO RECEIVE SPECIFIC UNCLAIMED FUNDS; AND

(3) THE SOLICITATION IMPLIED THAT THE ORIGINATOR WOULD VERIFY THE ADDRESSEE'S ELIGIBILITY TO RECEIVE UNCLAIMED FUNDS AND DISCLOSE THE AMOUNT AND LOCATION OF FUNDS IN RETURN FOR A COMPLETED "ELIGIBILITY FORM" AND A FEE OF \$19.

BASED ON THESE FINDINGS THE POSTAL SERVICE FILED AN ADMINISTRATIVE COMPLAINT ALLEGING THAT THE MAILER WAS ENGAGED IN A SCHEME OR DEVICE TO OBTAIN MONEY THROUGH THE MAIL BY MEANS OF FALSE REPRESENTATIONS IN VIOLATION OF 39 U.S.C. §3005. IN ADDITION, THE POSTAL SERVICE OBTAINED A STOP ORDER FROM A U. S. DISTRICT COURT TO PREVENT THE MAILER FROM RECEIVING MAIL IN RESPONSE TO THE SOLICITATIONS, PENDING COMPLETION OF THE ADMINISTRATIVE CASE.

THE ADMINISTRATIVE CASE RESULTED IN THE ISSUANCE OF ORDERS DIRECTING THE MAILER TO CEASE AND DESIST FROM FALSELY REPRESENTING ITS ASSOCIATION WITH GOVERNMENT AGENCIES AND THE OTHER ASPECTS OF ITS PROMOTION WHICH I HAVE DESCRIBED. IT ALSO REQUIRED THE RETURN TO SENDERS OF MAIL IN REPLY TO THE SOLICITATION.

WE BECAME INVOLVED IN THIS NEXT CASE IN EARLY 1983, WHEN WE WERE ASKED TO REVIEW A FUND-RAISING APPEAL THAT HAD BEEN MAILED TO THE HOMES OF 400,000 ELDERLY AMERICANS BY A LOBBYING ORGANIZATION. THE ORGANIZATION, KNOWN AT THE TIME AS THE NATIONAL COMMITTEE TO PRESERVE SOCIAL SECURITY AND MEDICARE (NCPSSM), BECAME THE CENTER OF CONTROVERSY BECAUSE OF ASPECTS OF ITS SOLICITATION AND THE WELL KNOWN NAME OF ITS FOUNDER AND CHAIRMAN, JAMES ROOSEVELT.

MANY PEOPLE WHO RECEIVED OR HAD ACCESS TO THE ORGANIZATION'S MAILINGS FELT THE ENVELOPE AND LETTERHEAD GAVE THE APPEARANCE OF BEING FROM THE GOVERNMENT. A CLOSE EXAMINATION, HOWEVER, REVEALED THAT THE IDENTITY OF THE ORIGINATOR WAS SUFFICIENTLY DISCLOSED TO AVOID VIOLATION OF THE MAIL FRAUD OR FALSE REPRESENTATIONS STATUTES.

THE FUND-RAISING APPEAL WAS IN THE FORM OF A FOUR PAGE LETTER, CONTAINING A PETITION TO CONGRESS TO PRESERVE SOCIAL SECURITY BENEFITS AND AN APPLICATION FORM FOR THE "FREE PERSONAL CONFIDENTIAL COMPUTER PRINTOUT" OF SOCIAL SECURITY RECORDS FOR A DONATION OF $10. MANY RECIPIENTS AND THEIR CONGRESSIONAL REPRESENTATIVES OBJECTED TO THE ORGANIZATION'S ASKING FOR A DONATION IN EXCHANGE FOR THE "FREE" PRINTOUT OF SOCIAL SECURITY RECORDS. THEY BELIEVED SOME ELDERLY RECIPIENTS WOULD BE MISLED INTO THINKING THAT THE ONLY WAY THEY COULD GET INFORMATION ON THEIR SOCIAL SECURITY BENEFITS WOULD BE TO DONATE $10 TO THE ORGANIZATION.

ALTHOUGH CERTAIN ASPECTS OF THE LETTER AND ITS ENVELOPE WERE CONFUSING TO SOME OF THE RECIPIENTS, IT DID NOT VIOLATE OUR STATUTES. FORTUNATELY, THE LAW DEPARTMENT WAS ABLE TO PERSUADE THE PROMOTOR TO TAKE VOLUNTARY ACTION TO RESOLVE SOME OF THE ISSUES. WE COULD NOT FORCE THE PROMOTER TO CHANGE THE LITERATURE.

WHILE THE MISLEADING NATURE OF THIS PROMOTION WAS CLEAR, AN IMPORTANT FACTOR TO KEEP IN MIND IN CASES ARISING UNDER THE FALSE REPRESENTATIONS STATUTE IS THAT AN ADMINISTRATIVE LAW JUDGE MUST CONCLUDE THAT THE MAILING, WHEN READ IN ITS ENTIRETY, WOULD FALSELY REPRESENT A MATERIAL FACT TO THE ORDINARY PERSON. IN MANY CASES WHERE SOME MEMBERS OF THE PUBLIC HAVE COMPLAINED TO US ABOUT SOLICITATIONS IN ENVELOPES THAT LOOK LIKE GOVERNMENT ENVELOPES, A READING OF THE ENTIRE MAILING SHOWS THAT THE SOLICITATION CAME NOT FROM THE GOVERNMENT BUT FROM A PRIVATE ORGANIZATION. IT IS OFTEN A FINE LINE BETWEEN A CONFUSING OR MISLEADING PROMOTION AND ONE INVOLVING ACTIONABLE MISPRESENTATIONS.

WE AT THE POSTAL SERVICE CONTINUE TO DEVOTE OUR EFFORTS TO PROTECTING THE ELDERLY FROM CON-ARTISTS AND FALSE ADVERTISEMENTS. HOWEVER, WE BELIEVE THAT CONGRESSIONAL HEARINGS LIKE THIS PROVIDE AN IMPORTANT FORUM FOR THE EXPOSURE OF SCHEMES AGAINST THE ELDERLY, AND HELP TO PROMOTE THE MOST EFFECTIVE DEFENSE AGAINST FRAUD AND DECEPTION--AN INFORMED PUBLIC.

MR. CHAIRMAN, WE WOULD BE PLEASED TO ANSWER ANY QUESTIONS YOU OR OTHER MEMBERS OF THE COMMITTEE MAY HAVE.

ATTACHMENT A

MAIL FRAUD STATUTE (18 U.S.C. 1341)	POSTAL FALSE REPRESENTATIONS STATUTE (39 U.S.C. 3005)
DEFENDANT USED MAILS AS AN ESSENTIAL PART OF SCHEME TO DEFRAUD	DEFENDANT ATTEMPTS TO OBTAIN MONEY OR PROPERTY BY MAIL THROUGH MISREPRESENTATION OF A MATERIAL FACT
INTENTION TO DEFRAUD	INTENTIONS NOT MATERIAL
U.S. ATTORNEY	USPS LAW DEPARTMENT
FEDERAL COURTS	ADMINISTRATIVE LAW JUDGE
FINE AND/OR IMPRISONMENT	RETURN SENDER'S MAIL/CEASE AND DESIST ORDER

PROBLEMS	PROBLEMS
MUST SHOW INTENT TO DEFRAUD	CAN'T ACT IF SOLICITATIONS ARE MERELY MISLEADING OR CONFUSING
STATUTE DOES NOT REQUIRE RESTITUTION TO VICTIMS	STATUTE DOES NOT REQUIRE PAYMENT OF REFUNDS TO VICTIMS
ASSETS CAN BE DISSIPATED BEFORE COURT CAN ORDER RESTITUTION	CAN'T REQUIRE SOLICITOR TO DIVULGE PERCENTAGE OF RECEIPTS GOING TO ADMINISTRATIVE COSTS

ATTACHMENT B

U.S. POSTAL SERVICE LAW DEPARTMENT CIVIL/ADMINISTRATIVE ACTIONS

1980	1986
226 CASES PRESENTED	644 CASES PRESENTED
72 FALSE REPRESENTATION ORDERS ISSUED	149 FALSE REPRESENTATION ORDER ISSUED
67 CONSENT AGREEMENTS ENTERED	513 CONSENT AGREEMENTS ENTERED
43 TEMPORARY RESTRAINING ORDERS	46 TEMPORARY RESTRAINING ORDERS
	607 CEASE AND DESIST ORDERS
	2,485 VOLUNTARY DISCONTINUANCES

Chairman JACOBS. I believe Mr. Moody is next.

Mr. MOODY. In your opening sentence or two, you say that you are authorized to deal with untruthful solicitations through the mail for the purpose of obtaining money. But I think you said later, that you are not authorized to deal with misleading statements through the mail or confusing statements through the mails.

Could you just repeat what you said, because it sounded like a contradiction to me. It sounded like there was a very fine line between the two.

Mr. DONALD DAVIS. There is a fine line. Basically our authority under the false representation statute says that we have to prove that the person has misrepresented a material fact. Perhaps the best way to explain it would be a scenario of a situation if we might.

If we investigated a company that was conducting a solicitation for any purpose and we subsequently determined that 99 percent of their funds went for something other than that purpose. If their solicitation said we spend money for this purpose. That is somewhat misleading, because they only spent 1 percent.

Or if they said that they spent a substantial portion of their funds, say they collect $20 million, then 1 percent is still a substantial portion, that is misleading. It is not a misrepresentation.

If they became more specific and said we spend 55 percent of our funds on this purpose, then we would have a misrepresentation that might support a criminal mail fraud prosecution or an administrative action under our false representation statute.

Mr. MOODY. If they say that they spend a significant proportion of their funds, it is still misleading, is it not, even if that is a large number. It is still not a significant proportion. If they said that they spent significant funds, I would see your point.

But why does the significant portion suddenly become truthful merely because you put zeroes on both sides of the equation?

Mr. DONALD DAVIS. The distinction that we have to make is when we go in front of the administrative law judge. We have to establish that the entire mailing creates that impression. If they say as a possible scenario that they spent not a substantial portion of their collected funds but a substantial amount of money, they are not saying that it is a substantial portion of their funds.

Some of these solicitations are crafted carefully enough to avoid making a distinction where we could make a case on a misrepresentation.

Mr. MOODY. It does come down then, to some extent, on a judgment call, is that correct?

Mr. DONALD DAVIS. That is correct.

Mr. MOODY. It is a judgment call.

And you have looked at the Roosevelt mailings?

Mr. DONALD DAVIS. Yes, we have.

Mr. MOODY. I am sure that you have looked at many, but among others you have looked at those.

Are you aware that a small percentage of their funds apparently go to the thing that they raise the money for, to "lobby Congress?" Have you looked at the numbers on that? Are you aware that the portions are very small as proportions, that the base is big but the proportions are small? Did you consider this a judgment call in their case?

Mr. DONALD DAVIS. We would not look at that per se in terms of their actual financial statements. Under the misrepresentation statute, we cannot demand that they provide financial records. The Roosevelt group has voluntarily provided financial records to us.

What we would look at in a solicitation of this nature is whether or not the organization is conducting the functions that they say they are. In our review of the Roosevelt organization when we first started investigating it, we questioned congressional staff members and determined that there were lobbying efforts made, and that was sufficient.

Mr. MOODY. Did you try to ascertain what proportion of their funds collected through the mail in fact went to that purpose; other than talking to a few staffers, did you try to quantify?

Mr. DONALD DAVIS. No, we did not.

Mr. MOODY. Since a judgment call is in order, should that not be a necessary component of your judgment?

Mr. DONALD DAVIS. We would if they made statements that we thought that we could disprove. In other words, if they said in their literature that they devoted 20 percent of their collected funds to lobbying or if they devoted a significant percentage of their collected funds even.

But most of their literature indicates that they do lobbying efforts or that they do educational efforts. They do not specify a portion or a percentage, so we do not have any jurisdiction to try to delve into that topic because we do not have a representation that we are trying to disprove.

Mr. MOODY. So all you were trying to prove was the negative that they may have done no lobbying, if, in fact they had done no lobbying. But since they had done some, even if they did one little itsy-bit, that as far as you were concerned moved them from a category of misleading or deceptive mailings to obtain money suddenly into the category of truthful to obtain money.

That is all that you needed to know. As long as they had contacted one Member of Congress, that was it, is that what you are telling me?

Mr. DONALD DAVIS. That is not totally it. We would look at the totality of their representations. But essentially, the fact that they can prove that they have made efforts would probably take it out of our ability to file a civil action.

Mr. MOODY. When they said send us $10 so we can protect your Social Security benefits, does that on its face imply to you that they are spending some significant proportion of that $10 to protect those Social Security benefits?

Mr. DONALD DAVIS. It would imply it.

Mr. MOODY. Did your investigation show that they were in fact meeting the standard that you agree is what you would assume?

Mr. DONALD DAVIS. Yes, we did, we concluded that.

Mr. MOODY. They are spending a significant portion of that $10 to protect Social Security benefits?

Mr. DONALD DAVIS. They are spending some proportion of it.

Mr. MOODY. You just agreed with me that a reasonable interpretation was that they were spending a significant amount. You checked with several staff members, and as soon as you found that they were spending any of it, that was it. You said that is it, they are clean. It seems to me that there is a fuzziness here between what you say on the one hand and what you did the other.

Mr. GEORGE DAVIS. Part of the fuzziness, if I might suggest, Mr. Moody, is that you are using terms like deceptive and misleading. Those are not our statutory standards. We have no legal authority to go after anything simply because it is deceptive. We have no legal authority to go after anything simply because it is misleading.

Mr. MOODY. No, but if it is misleading and deceptive to raise money, you apparently do.

Mr. GEORGE DAVIS. No. It has to be provably false. We have to be able to prove a false representation of fact. It is a very narrow statute. Now it might be useful to put this in a little broader perspective.

There are three potentially relevant Federal statutes on the books. There is the criminal mail fraud statute which requires us to prove that the statement was intentionally made with an intent to deceive and that the use of the mails was an essential part of the scheme. That is probably the most difficult burden of proof under the three statutes.

The second statute, the postal misrepresentation statute, requires that we prove by a preponderance of evidence that a material fact was misrepresented for the purpose of obtaining money by mail.

Then you have the panoply of Federal Trade Commission statutes which are broader, and allow the Federal Trade Commission to go after things simply because they are unfair or deceptive.

Mr. MOODY. I am not asking about the Federal Trade Commission.

Mr. GEORGE DAVIS. That is beyond our authority, but those were the terms that you were using.

Mr. MOODY. The second one, misrepresentation of a material fact for the purpose of obtaining money, that is your standard?

Mr. GEORGE DAVIS. That is correct.

Mr. MOODY. So to say that we need $10 to protect your Social Security benefits when we know that a microscopic amount of that actually goes to protect Social Security benefits could constitute misleading?

Mr. GEORGE DAVIS. Well, we do not know that.

Mr. MOODY. You do not have verification.

Mr. GEORGE DAVIS. We have no authority to get their books and records.

Mr. MOODY. Do you need such an authority?

Mr. GEORGE DAVIS. Of course. Where else would you get it? We can get handouts from them, but we do not know whether they are accurate.

Mr. MOODY. In other words, you took their evidence, but you made no independent effort to ascertain if they were accurate. You took them on their face value?

Mr. GEORGE DAVIS. You cannot get it.

Mr. MOODY. You said that you had it from them. You said that they volunteered.

Mr. George Davis. We have got what they have given us, but we have no authority to verify it. I can write up a statement of my own accounting and give it to you, and you have no way of knowing whether it is accurate or not unless you can get at my books and records.

Mr. Moody. But you are pursuing a possible criminal action?

Mr. George Davis. No, we have never had a possible criminal action against them. There would have to be a grand jury.

Mr. Moody. No, no. You are operating under a potentially criminal statute—these are criminal penalities associated with violating these laws, right?

Mr. George Davis. The first only, the criminal mail fraud.

Mr. Moody. But not on the second. What is the second one?

Mr. George Davis. The second one is an administrative statute. If we find that someone is using the mails to obtain money through misrepresentation, we can stop their incoming mail, send it back to the victims, and issue a cease and desist order that requires them to discontinue it in the future.

Mr. Moody. I see.

Mr. George Davis. If they violate that, we can go to court and get a $10,000 a day penalty.

Mr. Moody. So you are not meeting a criminal standard?

Mr. George Davis. No.

Mr. Moody. But you are meeting a preponderance of evidence standard?

Mr. George Davis. That is correct.

Mr. Moody. But you have no way of knowing whether or not in fact they are misrepresenting, since you do not have any discovery powers?

Mr. George Davis. One of the problems with our civil statute is that there is no subpoena power. That is one of the givens, and it is very difficult. This whole area of solicitations for medical causes or any kind of causes, there is a problem under that statute, because we cannot get the books and records.

Mr. Moody. When they hand you the books voluntarily as they did in this case, does that become a determinative factor in your decision?

Mr. George Davis. No, I do not think it did. I think that the question of whether they were lobbying or not was determined by Postal Inspectors going around the Hill and finding that they were in fact lobbying.

Mr. Moody. But the percentage was not of interest to you?

Mr. George Davis. How could you determine that, how would you be able to determine what percentage of their time they spent lobbying?

Mr. Moody. So as long as it was more than zero, that was it?

Mr. George Davis. Well, it was considerably more than zero. I mean they were clearly sending petitions around the Hill, and they were on the hill.

Mr. Moody. How small would it have had to have been for you to invoke the preponderance rule?

Mr. George Davis. How small, I do not know.

Mr. Moody. I am asking for a decision rule. You know, you are talking gradations here. At what point do you say okay?

Mr. **George Davis**. I think that if we found that they were making no material effort to do any kind of lobbying, and in view of the solicitation it says that is what they are taking your money for, we would have taken a shot at it.

Mr. **Moody**. Okay, that is a zero standard.

Mr. **George Davis**. No, it is not quite a zero standard. I think that if they were doing something very insubstantial, that would amount to the same thing. But the evidence that we had at the time was that they were up here. They were going around the hill, and they were handing out their petitions.

Mr. **Moody**. Could you quantify that for me?

Mr. **George Davis**. No, I cannot. I did not conduct the investigation. But it looked pretty clear that they were around the Hill handing out their petitions.

Mr. **Moody**. Thank you.

Chairman **Jacobs**. Mr. Daub.

Mr. **Daub**. I do want to take this time publicly to thank the Postal Service for answering my February 25, 1986, request by letter dated March 4, 1987, and tell you that it would have been most helpful to have had it a long time ago. But I notice that the information is no longer referenced in your statements, since it is so old and outdated that it should not be used repeatedly to illustrate the problems that I know that you and I are both concerned about. So I do appreciate it. And please tell Mr. Johnstone that I appreciate his response, and that I have found it helpful.

I think that my colleague, Mr. Moody, was kind of getting at what I want to know: Are you satisfied with your authority under the current law to investigate misleading advertising; and if not, do you have any thoughts about what this committee might look at in terms of enhancing your capability?

You know, it is a different world that we live in now. The electronic hearth burns brightly in everybody's front room every night communicating information. The mailbox is full, yours is and mine is, of all sorts of innovative and creative solicitations.

I read it all. I do not file-13 it, because I like to see what everybody is up to. But you should want to see what everybody is up to, too.

Do you need more authority or some different authority to broaden definitions of ability to investigate, either or both assuming they are not related?

Mr. **George Davis**. I think if the Congress wants to deal with the type of solicitation that this hearing is concerned with today, it is clear to me that somebody needs additional authority to do something. I am not sure that that ought to be the Postal Service. It may be the Justice Department or the Federal Trade Commission.

But somebody needs additional authority to be able to deal with something merely because a lot of people are confused or frightened by the type of representations that it deals with. I think that it is going to be a tough statute to draft.

A great deal of what is in this stuff is arguably protected by the first amendment. Political speech made for the purpose of influencing Members of Congress at least ostensibly. It is pretty tough stuff to deal with.

Mr. DAUB. Political speech is made by Members of Congress to influence the voters.

Mr. GEORGE DAVIS. Sure.

Mr. DAUB. It is the same category.

Mr. GEORGE DAVIS. It is hopefully of a little different quality.

Mr. DAUB. I would agree.

Mr. GEORGE DAVIS. We have been up on the Hill, I guess, once a month for the last year, talking to people on all sorts of committees about these kinds of mailings, and the Roosevelt thing is not the only one. It is one of I guess thirteen that we have now looked at.

Someone had the idea of designing or requiring by statute that Federal mailings bear the Great Seal of the United States and that all Federal mailings and envelope shall contain that seal.

Well, that is not a bad idea, because 18 U.S.C. makes it a crime for anyone else to use that seal. So if only the Government were using it, then anyone else who appropriated the seal to confuse recipients into thinking that they were getting a Government mailing perhaps could be nailed by the Justice Department.

Another idea that came up in the last session was, as mentioned earlier today, tightening the tax exemption laws to make sure that people who are soliciting the funds under tax exempt authority are actually using them for the purpose of claiming what they are soliciting them for.

One of the nice things about that bill was that it gave the Postal Service authority to go get the books and records and find out if they are. But right now, we do not have that authority.

Congresswoman Snowe has recently introduced a bill to require warnings on the outside of envelopes that look like Government envelopes and solicit for a fee services that are otherwise free from the Government. That is one that we are analyzing now.

There are a lot of ideas around. As far as the Postal Service is concerned though, right now what we have got does not fit this kind of thing very well.

Mr. DONALD DAVIS. We are in a difficult position and we get the complaints. In many cases as we tried to explain, our statutes do not extend to that type of thing.

Mr. DAUB. Well, I appreciate that. And if your Department has any ideas, I would almost hope, Mr. Chairman, that we could tax them in a way, and ask them as the experts, to give us some recommendations of studied approaches.

Perhaps even the administration might be interested and you might be interested in seeing a task force developed of Justice, the Trade Commission, and Postal authorities to get together and take a look at the problem in a comprehensive way. Because we have to be concerned about first amendment rights. I am concerned about those. And truly civil liberty is a fragile thing, and we have to be sure that we do not impact upon it.

Mr. GEORGE DAVIS. I think that you ought to broaden it beyond the Postal Service. Because one of the things that we found in our ordinary day to day mail fraud business is that frequently when we go after somebody for selling some kind of nonsense, a diet pill, or hair grower or whatever by mail, they will switch over to a television campaign where they receive the orders by telephone and credit cards, and we do not have jurisdiction any more.

Mr. Daub. Sure.

Mr. George Davis. It would be very easy for this sort of thing to be marketed that way. They have some sensational TV commercials and have the victims wire in their credit card number by telephone. I think that if you are going to deal with this, you might want to deal with it more comprehensively than just mail, although that seems to be where the problem is right now.

Mr. Daub. Thank you very much, Mr. Chairman.

Chairman Jacobs. Mr. Levin.

Mr. Levin. Just one quickie, because I think that all of us want to move on as vital as this is. You mentioned on the first page of your testimony that you have received about 300,000 consumer complaints, and I think that struck us all, since July of 1985. You mentioned that you had no breakdown by age.

Do you have any breakdown by the organizations about which the complaints are made?

Mr. Donald Davis. Only where the complaints relate to a specific firm where we have a specific investigation assigned on a particular firm.

Mr. Levin. How about in the case of the National Committee to Preserve Social Security and Medicare, do you have any ideas as to how many complaints have been received?

Mr. Donald Davis. I do not have the number, but I am quite sure that I can get an approximate number.

Mr. Levin. All right. It would be helpful if we had some idea. Now you do not have any knowledge of that right now?

Mr. Donald Davis. No, I do not.

Mr. Levin. Thank you.

[Information requested follows:]

The Postal Service began receiving complaints against the National Committee to Preserve Social Security and Medicare in July of 1985. From July 1985 through March 1987, the Postal Service received a total of 233 complaints.

Chairman Jacobs. Mr. Duncan.

Mr. Duncan. I have no questions at this time.

Chairman Jacobs. Mr. Davis, one of the Mr. Davises, you cited the Federal Criminal title 18 a moment ago, and you spoke of criminal mail fraud.

Mr. George Davis. Yes, sir.

Chairman Jacobs. And you referred to a standard of intent to deceive.

Mr. George Davis. Yes, sir.

Chairman Jacobs. And that that was a difficult standard to meet. For the record, it sounds as though an actual misstatement of fact under that title is not required.

Mr. George Davis. No, it is required. Misstatement of fact is required under either one in most cases.

Chairman Jacobs. All right.

Mr. George Davis. But for the criminal statute we have to prove intent.

Chairman Jacobs. You are familiar with the statutes in several States prohibiting the impersonation of a police officer, I assume?

Mr. George Davis. Vaguely.

Chairman JACOBS. When I was a police officer and was introduced at a Lions Club once, they said a fellow had been arrested stealing apples at the city market and was charged with impersonating a police officer.

As I understand those statutes, if you look like a police officer, you do not need to have a badge that has the last detail of the shield which is issued to the members of that particular department.

Mr. GEORGE DAVIS. Right.

Chairman JACOBS. If you imitated enough that someone believed you are a police officer.

Mr. GEORGE DAVIS. Confusingly similar is the standard under the copyright law.

Chairman JACOBS. Then you have violated that statute. And that brings me to this question. Take the case of the organization whose envelope states or calls itself the Federal Bureau of Credit Investigators.

Is that a violation?

Mr. GEORGE DAVIS. Not under the current Title 18 provisions. It is an interesting exercise to look at those.

Chairman JACOBS. I already know that.

Mr. GEORGE DAVIS. They are very, very specific.

Chairman JACOBS. I understand that.

Mr. GEORGE DAVIS. They need a more generalized one.

Chairman JACOBS. Well, I know it. Because when I practiced law, I ran into that same organization and discovered that there is no authority. Now I might observe that Mr. Daub is exactly right when he suggested that our purpose here is not so much to find out what the law is as to find out what the law ought to be, if it ought to be different from what it is.

Now put the case of the person who sells you a horse and says that it is a strong horse but it does not look so good. And you pay your $500 and take the horse home, and find out that he cannot see.

Have you got a violation there?

Mr. GEORGE DAVIS. I would sure try to prove one if I bought him.

Chairman JACOBS. But supposing that you did not buy him and you were performing your duties in your present office, would you find a violation?

Mr. GEORGE DAVIS. Yes, I think that you could contend that that was a general representation that the horse was healthy and effective for the purpose for which it might be bought, and blindness would be something that you would have a duty to disclose. There is an affirmative duty to disclose that sort of disability.

Chairman JACOBS. Now in the case of the envelope that is obviously made to the unschooled eye to look like an official mailing from the U.S. Government. Maybe the head is turned around the wrong way on the eagle or something, but any fool would know that it is going to deceive the casual observer or even the unschooled eye, as indeed a counterfeited piece of currency which was not just perfect in its last detail might pass over the counter and get $99 change in good money.

I am not clear as to what you think the present law is or what the law ought to be in the case of the Federal Bureau of Credit Investigators or anyone else.

Mr. GEORGE DAVIS. The way that it works out in our case law and we have brought a number of these cases, so we have had a chance to find out what the law is. The administrative law judges follow a rule that has existed in Federal Trade Commission cases for a long time that when you go after someone for false advertising, you must look at the totality of their advertisement. You just cannot pick out a little piece of it and say that is what we are resting our case on.

Chairman JACOBS. You mentioned that before. You are talking about the content of the letter inside in the envelope.

Mr. GEORGE DAVIS. Right.

Chairman JACOBS. Now directing your attention to that, as I understand it, these PAC organizations that give money to campaigns of Members of Congress often argue that we get access, we get access.

Mr. GEORGE DAVIS. Yes.

Chairman JACOBS. Now what about that envelope as a separate entity to achieve access. I mean you have 15 letters in your mailbox, and by golly, there is one.

Mr. GEORGE DAVIS. I have been told any number of times by mailers against whom we have brought cases that that is the reason that they are doing it. They expect most people to just throw out advertising mail without opening it, and they want them to open theirs. They want the thing to look like it came from a State tax assessor's office or a Federal tax assessor's office.

I have one with me that I am sure that from where you are sitting looks like a Government check. It did to me when I got it. I wish I had my name on it. But it is an invitation to go look at somebody's real estate in Pennsylvania, and you get a free toaster if you do.

Chairman JACOBS. And get burned some other way.

Mr. GEORGE DAVIS. Yes, or both. But under our current case law, that is the problem. If you open up the envelope and look at the thing and it stands out.

Chairman JACOBS. Now hold it right there. Because I am talking about what the law ought to be, and I would like an opinion from you.

Do you not think that as a matter of commonsense, and everybody knows what is right and everybody knows what is wrong, but that envelope ought under the law to be judged by itself in the reality of mailing, and not redeemed by some sudden surprise that it is not at all what it appears to be?

Mr. GEORGE DAVIS. I have mixed feelings on that. I personally feel that that kind of practice is very unattractive. I think that it is inherently deceptive to do that. But if you are trying to get somebody's money and the only way that they can find out who to send it to is inside the envelope, you have got to open the envelope to be able to be victimized. And that is my problem of saying that the envelope looks like a government envelope.

Chairman JACOBS. Tell me the justification for lying again on the envelope, what was the justification?

Mr. GEORGE DAVIS. Well, that there is no way that you can hurt anybody with it without opening the thing to find out where to send the money.

Chairman JACOBS. That is the justification?

Mr. GEORGE DAVIS. Yes, that is right.

Chairman JACOBS. What frame of mind is the person in when he or she opens it, is that of any importance?

Mr. GEORGE DAVIS. I think that it can be definitely.

Chairman JACOBS. Well, finally——

Mr. GEORGE DAVIS. I am not trying to justify this practice. I am just telling you. You asked me if I felt that there ought to be a law.

Chairman JACOBS. It is up to the legislative body to determine that, and probably the public. And I suspect that I know what the majority of the American people would think about whether there ought to be a law in that area.

Finally, for the benefit of the record, I will read Webster's definition for the word counterfeit, "Made in imitation of something else with intent to deceive."

Are there any further questions of these witnesses?

[No response.]

[Questions and answers follow:]

ANDY JACOBS, JR. INDIANA, CHAIRMAN
SUBCOMMITTEE ON SOCIAL SECURITY

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FOR THE RECORD

COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515
SUBCOMMITTEE ON SOCIAL SECURITY

DAN ROSTENKOWSKI, ILLINOIS, CHAIRMAN
COMMITTEE ON WAYS AND MEANS

JOSEPH K. DOWLEY, CHIEF COUNSEL
A.L. SINGLETON, MINORITY CHIEF OF STAFF

PATRICIA E. DILLEY, SUBCOMMITTEE STAFF DIRECTOR

March 19, 1987

The Honorable Preston R. Tisch
Postmaster General
475 L'Enfant Plaza S.W.
Washington, D.C. 20260-0010

Dear Mr. Tisch:

The Subcommittee appreciates the testimony presented by Donald Davis, Fraud and Prohibited Mailings Branch, U.S. Postal Inspection Service and George Davis, Consumer Protection Division, U.S. Postal Service Law Department on March 10, 1987 at our hearing on misleading and deceptive mailings to social security beneficiaries. During the hearing, members of the Subcommittee requested a written response from the Postal Service to certain questions.

First, please provide us with any recommendations you have for changes in the postal statutes which would improve your authority to investigate and halt misleading mailings.

Second, please tell us the number of complaints or inquiries received by the Postal Service regarding the National Committee to Preserve Social Security and Medicare in each year since the complaints began.

Thank you for your assistance. We look forward to hearing from you.

Sincerely,

Andy Jacobs, Jr.
Chairman

APR 10 1987

For The Record

ASSISTANT POSTMASTER GENERAL
Government Relations Department
Washington, DC 20260-3500

April 9, 1987

Honorable Andrew Jacobs, Jr.
Chairman, Subcommittee on
  Social Security
Committee on Ways and Means
House of Representatives
Washington, D.C. 20515-6353

Dear Congressman Jacobs:

This is in response to your March 20 letter to Postmaster General Preston R. Tisch, expressing appreciation for the testimony of postal witnesses at the March 10 hearing of the Ways and Means Subcommittee on Social Security, on misleading and deceptive mailings to social security beneficiaries. I want to thank you for your kind words and assure you that the Postal Service will be pleased to continue working with you and your staff as your review of this important issue progresses.

In your letter, you requested written responses on two matters, the first of which was any recommendations which the Postal Service has for changes in postal statutes to improve our authority to investigate and halt misleading mailings. The Postal Service is not seeking additional authority at this time. We are placing a high priority on use of existing procedures to protect the elderly from deceptive mail solicitations. The authority for mail-stop orders and cease-and-desist orders which Congress has provided can be effective in halting mail schemes involving false representations. As the subcommittee's hearing well documented, our authority is not effective in dealing with some advertising practices not presently illegal which may irritate senior citizens or may mislead some individuals who fail or are not able to analyze a solicitation carefully. We sympathize with these reactions and share the irritation at many of these advertising practices. Still, our own judgment call is that the Postal Service can help senior citizens the most if we concentrate our resources through existing authority on halting mail schemes which are bilking people of their money through provably false representations.

We recognize that some Members of Congress have tentatively reached a different conclusion and have proposed certain changes to the postal laws. We wish to be of every assistance we can to these Members and to the responsible committees in making sure that their proposals are crafted as effectively as possible and given full consideration.

The second matter you requested in your letter was the number of complaints or inquiries received by the Postal Service regarding the National Committee to Preserve Social Security and Medicare in each year since the complaints began. The Postal Service has complaints on file on this organization from July 1985. From that date through December 1985, we received 51 such complaints. During calendar year 1986 we received 113, and thus far in 1987 have received 69, for a total to date of 233 complaints. I hope the foregoing information will be helpful to you and your staff. If you need any further assistance, please call me on 268-3731.

Sincerely,

William T. Johnstone

Chairman JACOBS. We thank you for your contribution to the record. And the final witness of the day is James Roosevelt, chairman of the National Committee to Preserve Social Security and Medicare. If you would come forward.

Jimmy, what in the world have you been up to?

Mr. ROOSEVELT. Trying to be a good citizen.

Chairman JACOBS. Well, let us hear about it.

STATEMENT OF HON. JAMES ROOSEVELT, CHAIRMAN, NATIONAL COMMITTEE TO PRESERVE SOCIAL SECURITY AND MEDICARE; ACCOMPANIED BY PETER HUGHES, DIRECTOR OF GOVERNMENT RELATIONS; WILLIAM WEWER, GENERAL COUNSEL; AND LANDIS NEAL, EXECUTIVE DIRECTOR

Mr. ROOSEVELT. Mr. Chairman, may I introduce my colleagues to you.

Chairman JACOBS. Yes.

Mr. ROOSEVELT. On my right is Mrs. Landis Neal, executive director for our organization. To my left is Mr. William Wewer, who is general counsel. And to his left is Peter Hughes, the director of government relations. And I thought perhaps that if there were some details that you needed that I might not have, that they might add.

Chairman JACOBS. That will be perfectly acceptable.

Mr. ROOSEVELT. Thank you, Mr. Chairman and members of the committee. I appreciate the opportunity to testify about the issue of direct mailing to older Americans, and more specifically the use of this communication tool by our organization.

In order to put our own use of direct marketing into context, I think it is essential to speak to the mission of the National Committee. As you know, my personal connection with our Social Security system goes back to its very inception in 1936 when I was working for my father in the White House.

In the late 1970s and early 1980s, it became apparent to me that the stability of benefits and the coverage was indeed being severely threatened. I recognized an urgent need for an advocacy organization which could rally millions of senior citizens into a lobbying force. Let me repeat that. To organize and rally millions of senior citizens into a lobbying force, a force which would be heard by the executive and legislative branches of Government.

With this as a goal, in late 1982 I founded the National Committee to Preserve Social Security and Medicare. From the outset, my concept was to create an organization whose membership would be in direct contact with Government officials including, of course, Members of Congress on issues involving Social Security and Medicare. They were to get in touch with you, not me.

In effect, we wanted millions of the elderly to serve as their own lobbyists speaking directly to their own interests. The best way, and indeed I think that it is the only way, to build such an organization and to communicate rapidly and regularly with its membership seemed to us to be direct mail.

Now the use of direct mail has controversy attached to it, because it is such an effective method of communication. Therefore, there is a lot of it, as you have said, Mr. Chairman, sent out by an amazing diversity of organizations. And all of us want to grab the attention of readers with our message, which of course leads to the second criticism leveled at direct mail, that its language can be and often is dramatic, emotional and aimed at stirring a strong response.

I acknowledge that there is some substance to this charge, Mr. Chairman. When you have a worthy cause, and we at the National Committee believe passionately in ours, you then have an obligation to get that message across to the members.

Somehow our mailing must stand out among the dozens of mailings received by people each week and not find its way into the wastepaper basket. To accomplish this, the language used in our letters does reflect the intensity of our commitment.

However, there is an enormous difference between the use of strong language and the use of misleading language. Therefore, we strive constantly to be as accurate as possible in everything that we do. To say that in 4 years of existence that we have never made any mistakes would be to claim perfection. And Mr. Chairman, I certainly do not claim perfection by a long shot, but we are working at it.

The National Committee is young and it is evolving. It was really a bunch of amateurs striking out at something new. While our original concept was to use our members as direct lobbyists, we began to recognize the need to supplement this great and vital force with increased Capitol Hill presence, as the previous witnesses have indicated.

During the last year, we have enlarged our staff to include some of the most professional advocates working for the interest of older Americans in this town, and that process will of course continue. We recently have been fortunate in having Mrs. Martha McSteen, the immediate predecessor to the present Commissioner of the Social Security Administration, join our forces. And she will give us 39 years of background and expertise in the fields of Social Security and Medicare.

In our early days, we fought to grow and become viable. Most of our mailings, of course, did solicit funds. With greater solvency and maturity, we have reduced the percentage of communications that ask for money, and increased the number that deal only with issues of concern. And we will continue to do that, sir.

Among the charges faced by all of the elderly activist organizations is that the sophistication of our mailings somehow takes advantage of a senior population unable to separate the wheat from the chaff. We hear it over and over again. Critics say we scare them.

Well, Mr. Chairman, I am 79 years old, and I can assure you that seniors are very capable on the whole of understanding and dealing with their own personal and public affairs. They do not just give away $5 or $10 or any amount. If they are scared, I might suggest that it is with good reason.

Mr. Chairman, I have enjoyed over half a century more or less of public life, and experience has taught me that to achieve worthwhile goals requires a willingness to endure criticism and controversy. I lived through the New Deal days.

Destructive criticism has never been something that defeated me in the past. And constructive criticism will always be considered, and we have heard some of it today.

Mr. Chairman, there are some achievements in my life of which I am particularly proud. But I would like to state that there is none of which I am more proud than my role in creating and managing the growth of the National Committee to Preserve Social Security and Medicare. And I will be glad to try to answer any questions that you may have, sir.

[Statement of Mr. Roosevelt follows:]

STATEMENT OF
JAMES ROOSEVELT, CHAIRMAN
NATIONAL COMMITTEE TO PRESERVE SOCIAL SECURITY AND MEDICARE

On behalf of the National Committee to Preserve Social Security and Medicare and its four and a half million members, I appreciate the opportunity to testify before the Subcommittee, both with respect to the issue of direct mailings to older Americans and, more specifically, the use of this communication tool by our organization.

In order to put our own use of direct marketing into context, I think it essential to speak to the mission of the National Committee. As you know, my personal connection with our Social Security system goes back to its very inception. Throughout my career, I have believed strongly that our elderly population must be assured that when their need arose, benefits and coverage would be guaranteed. In the late 1970's and early 1980's, it became apparent to me that the stability of these benefits and coverage was severely threatened. I recognized an urgent need for an advocacy organization which could rally millions of senior citizens into a lobbying force... a force which would be heard by the executive and legislative branches of government. With this as a goal, in late 1982 I founded the National Committee to Preserve Social Security and Medicare.

From the outset, my concept was to create an organization whose membership would be in direct contact with government officials on issues involving the Social Security and Medicare systems. In effect, we wanted millions of the elderly to serve as their own lobbyists, speaking directly to their own interests. The best way... indeed the only way... to both build such an organization and to communicate rapidly and regularly with its membership was direct mail.

The success of our approach is evidenced by the rapid growth of our membership, now over four million strong... over four million activists ready to be rallied on quick notice. Clearly, the National Committee is doing something right.

The National Committee and this Subcommittee have had disagreements in the past, and we probably will again. Our goals are the same -- to ensure that the nation's Social Security recipients receive the benefits they have been promised -- but we sometimes differ on the details of how best to accomplish that goal.

For instance, last year we cheered the Subcommittee's efforts to stop the Treasury Secretary's raids on Social Security Trust Funds -- these raids are dangerous and cannot be tolerated. However, we opposed the measure the Subcommittee drafted because it would have prevented payment of Social Security benefits once the government reached its debt ceiling, even though money would still be available in the Trust Funds.

Although we strongly support an independent Social Security Administration, we felt strongly that the bill produced by this Subcommittee should have gone further to also protect Medicare from partisan politics.

Unfortunately, certain critics of the National Committee unfairly try to turn policy disagreements into questions of honesty. Others wish to return to the days when seniors passively sat back as Congress and the White House played with Social Security and Medicare. Some critics form negative opinions on the basis of inaccurate and misleading information spread in the press by those who see us as a political threat or as competition. I hope this hearing will change a few minds about the National Committee and convince those willing to listen that our cause is a good one, our methods are honest, and our concerns are sincere.

Before I turn to the specifics of direct mail and how senior organizations use it, I would like to make one further point. Groups such as ours, which give concerned citizens a way to flex their muscle in support or opposition to specific legislation, are looked upon with distaste by some in Congress. Often they dismiss us by saying, "The elderly don't need the National Committee; they can just write to me." I wonder why those Members haven't made this same comment regarding other groups which also encourage their members to write Congress.

Many diverse interests are competing for a piece of the budget pie. If Social Security and Medicare beneficiaries aren't strongly represented on Capitol Hill, they will be at a considerable disadvantage. The groups with the strong, cohesive Washington voices will do their best to make sure that the Gramm-Rudman-Hollings budget cuts hit hardest on those programs lacking organized, vocal support. Saying that Social Security and Medicare recipients don't need to lobby Congress denies the realities of politics.

Many of our members grew up during the Depression and remember when there was no Social Security and no Medicare. They remember the promise this nation made and they are determined to see that the government delivers on that promise now and in the future when their grandchildren retire -- not with some means-tested program or a "Super IRA," not with an understaffed and ineffective SSA, not with a system vulnerable to partisan political pressures from within and without -- but with the just, fair program originally envisioned.

I. National Committee's Use of Direct Mail

Direct mail is a controversial medium of communication. First, because it is such an effective method of communication, there is a lot of it --- sent out by an amazing diversity of organizations. Commercial companies hoping to sell goods or services, charities seeking contributions, political candidates, non-profit advocacy groups, all utilize direct mail. And all of us want to grab the attention of readers with our message. Which, of course, leads to the second criticism leveled at direct mail --- that its language can be dramatic... emotional... aimed at stirring a strong response.

I offer no apology in acknowledging that there is some substance to this charge. When you have a worthy cause (and we at the National Committee believe passionately in ours), then you have an obligation to get that message across to your constituents. Somehow, our mailing must stand out among the dozens of mailings received by people each week. To accomplish this, the language used in our letters does reflect the intensity of our commitment. However, there is an enormous difference between the use of strong language and the use of misleading language. We strive constantly to be as accurate as possible in everything we do. To say that in four years of existence, we have never made any mistakes, that we have never made statements that upon reflection might have been a touch intemperate, would be to claim perfection. And we certainly are not perfect. But we keep working at it.

Direct mail is similar to other forms of mass communication (magazine, radio, and television) in that it can reach a large audience and have a substantial impact. Like television advertising, which is a far more powerful means of communication, direct mail appeals may be controversial and sometimes aggravate those who disagree with the message.

But as virtually every elected official knows, a good direct mail campaign is effective in bringing an urgent political message to a mass audience without the enormous budget required for television. Direct mail is more than a fundraising tool; it is a way to communicate quickly and effectively with a large number of people.

Direct mail is the principal means the National Committee uses to communicate with its membership. Some, mistakenly, assume _all_ direct mail is a solicitation for funds. This leads them to the much-repeated, and now presumed, "fact" that the National Committee pours "80 percent of its budget" back into solicitations for funds, which is simply untrue. In 1985 the National Committee spent just 15 percent of its budget on fundraising, a figure lower than that of every other national senior organization save one.

In our early days, as we fought to grow and become viable, most of our mailings _did_ solicit funds. With greater solvency and maturity, we have reduced the percentage of communications that ask for money, and increased the number that deal only with issues of concern. And we will continue to do that. However, I must caution that all armies require ammunition in order to fight the good fight. To fight our good fight requires dollars.

Nearly all of the National Committee's mailings contain educational and legislative materials for use in our members' efforts to protect Social Security and Medicare; the majority of the National Committee's materials contain no request for funds. **According to the most recent accounting profession standards, money spent on direct mail is not, per se, money spent on fundraising, but must be allocated according to function.**

Our members have proven that they can differentiate between an appeal for funds and an appeal for legislative action. Even in those of our mailings that combine fundraising and legislative advocacy, typically three of four respondents send in their petitions and postcards, but do not send money.

I know the Subcommittee realizes that the average senior, like every other American with a mailbox, receives dozens of direct mail pieces every week. I respectfully suggest the Subcommittee examine the entire direct mail industry and its solicitation to senior citizens, including both non-profit organizations and commercial mailers as well.

II. NATIONAL COMMITTEE MAILINGS ARE NOT "MISLEADING" OR "DECEPTIVE"

I have found that National Committee members crave information about what official Washington is doing and how it will affect them.

Our four and one-half million members will not accept being told their Social Security and Medicare programs are safe and secure when they read in their daily newspaper about the latest Administration threats to further cut Medicare ...when they learn that a Member of Congress would replace Social Security with an IRA... hear that a prospective candidate for President would convert Social Security to a welfare system... or read that the newly appointed Commissioner of Social Security thinks cutting the Social Security staff by 18 percent or more will not affect that already undermanned and demoralized agency.

A major function of the National Committee is member education -- by briefing our members on the latest legislative developments, we help them become better grassroots lobbyists. As many congressional staffers have told us, National Committee members write more -- and better -- letters than members of other aging groups.

But as all of you who have constituent newsletters know, despite your best efforts to clearly communicate your message, there are always some who are confused by or misinterpret your statements. The National Committee bends over backward to ensure that everything it states in its mailings is true. All mailings undergo an extensive review process, passing through our legislative, research, and executive staffs, our legal counsel, and then finally coming to me for final approval.

I am very conscious of criticism. We are doing our best to assure our mailings will never be misconstrued. Last year, in fact, we detroyed a mailing because statements that had been true when we went to press were made moot by legislative action that took place just after the printing.

Although one might disagree with our politics, our conclusions, or our recommendations, the facts in our mailings are all true. I challenge anyone to deny those statements or the fact that both Social Security and Medicare continue to be subject to ill conceived, politically motivated attacks.

COMMISSIONER HARDY'S DANGEROUS POLICIES

Social Security Administration Commissioner Dorcas Hardy has attacked our organization repeatedly in the last few months, charging that our mailings are misleading and deceptive. We believe, however, that the real reason she has singled us out is because the National Committee is the most effective group currently opposing her dangerous policies which could lead to the crippling of the Social Security system.

Last month, during the House Select Committee on Aging's hearing, Congressman James Clarke asked her about an organization that uses direct mail to senior citizens to advocate phasing out Social Security altogether and replacing it with something like a mandatory IRA: "Would you include this in questionable direct mail practices that might scare or confuse senior citizens?" asked Rep. Clarke.

Commissioner Hardy's reply? "No sir!" Short. To the point. And frightening.

Commissioner Hardy is also enthusiastically pursuing a drastic "downsizing" of SSA staff. This Subcommittee has questioned the rationale of shrinking the SSA staff by 18 percent or more when the workload is continually increasing due to demographic forces and specific legislative initiatives, warning that this will result in poor service "and an even greater demoralization of the SSA workforce."

But perhaps the most troubling aspect of Commissioner Hardy's reign has been her willingness to politicize what was heretofore a nominally nonpartisan office. Commissioner Hardy actively campaigned for her party's candidates for the House and Senate last fall.

Many of the candidates Commisssioner Hardy campaigned against were supported by the National Committee's PAC. Has this affected her view of my group? I would wager it has.

The Commissioner's attacks on the National Committee have been as vitrolic as they have been inaccurate and untrue. She accused us of mailing both "misleading and unduly alarming" material to the public. But when we challenged her to be specific, her criticism boiled down to this: "Since your material does not distinguish between the OASDI and HI programs, and their separate financing, we believe your statement is misleading."

She also accused the National Committee of writing letters on mock government stationery. When pressed for a specific example, she cited a 1983 mailing -- one of the first the National Committee produced. Since then, of course, our letterhead and envelopes have undergone major design changes, as the Commissioner well knows. Who's being misleading here?

She repeats the charge, first raised in a poorly-researched, inaccurate CBS News report, that the National Committee spends 80 percent of its budget on solicitations for funds. As I stated earlier, this is patently false. And the Commissioner admitted that she made no effort to check it out.

Furthermore, she falsely contends that the National Committee has never asked SSA to review any of its material. The facts are that as early as September 26, 1985, members of the National Committee met with SSA staff to ask for an opinion on an advertisement we planned for the *Readers Digest* and we have cooperated with SSA since then. And for months last year, I tried to schedule a meeting with the new Commissioner to discuss how we could cooperate. Although I was finally successful in scheduling a meeting, it was abruptly cancelled after I had already made the trip across the country to Washington.

Finally, Commissioner Hardy repeatedly says I tell Social Security beneficiaries they won't get their benefit checks if they don't send the National Committee ten dollars. I have never, ever said that. What I do say is that Social Security and Medicare programs are under attack, and by joining the National Committee, seniors can work together to urge Congress and the President to protect and *improve* existing benefits, not cut them.

Our four and one-half million members aren't gullible enough to believe that their checks wouldn't come if they didn't join. But they are perceptive enough to realize a unified voice in Washington serves their best interests and helps to make sure their benefits don't get smaller and smaller every year.

Not surprisingly, Commissioner Hardy shies away from criticism of seniors' groups whose politics are presumably more to her liking but whose tactics and misrepresentations border on the shocking. I have yet to hear the Commissioner criticize the National Alliance of Senior Citizens, a group that claims to represent seniors but is in fact little more than a front organization created to give certain Members of Congress a favorable "senior" voting rating and to sell insurance.

For instance, to get a perfect score on the National Alliance's 1985 Index, a U.S. Senator would have had to vote to cut Medicare/Medicaid by $4.6 billion and to raise the Medicare beneficiaries out-of-pocket premiums by $179 over five years. A Member of Congress had to support aid to the Contras, Star Wars research, the line-item presidential veto, cuts in school lunch programs, cuts in employment training, and cuts in Amtrak and the Synthetic Fuels corporation, issues that have nothing to do with the elderly. In this group's rating scheme, so-called "friends of the elderly" receive 100 percent score. But the Chairman of this Subcommittee, Rep. Jacobs, received a 30 percent, while Reps. Claude Pepper and Silvio Conte and Sen. John Glenn all received a 20 percent score. These individuals are very active on senior issues and no one in their right mind would call them "soft" on Social Security.

III. Accountability to the Public

FINANCIAL STATEMENTS

The National Committee makes it a particular point to keep our members up to date on the group's finances. We publish our annual financial statements in our newspaper, *Saving Social Security*, along with reports in every issue of what we have done in our special projects. We tell our members what we have done with our PAC money. No other senior organization does this in the same detail.

Other senior organizations are, in fact, much less willing to part with information about themselves. To compare our practices with other organizations, we asked all major senior groups for their latest financial statements. We obtained tax forms 990 from the IRS, but audited financial statements could not be obtained from several groups. AARP publishes its audit in its membership newsletter; NCOA provided us with their latest audit. But NCSC and the National Alliance of Senior Citizens were anything but helpful. In fact, the National Alliance does not even file IRS Form 990 and, we were told, the organization's finances are available only to members of their board of directors.

Our comparison showed that AARP is essentially a cooperative purchasing organization. It receives 62 percent of its revenues from insurance commissions, advertising, commissions on sales of goods and services to its members, and interest on the use of its members' money. But it spends less than 4 percent of its budget on lobbying.

Despite NCSC's claims to be a social advocacy organization, it spends over half its money on salaries, fringe benefits for its employees, rent, travel, and other administrative expenses. Its fundraising expenditures are twice the level of the National Committee. NCSC spends only 4 percent for "Legislation and Research," an amount diluted by its advocacy of issues unrelated to seniors' rights, such as regulation of energy, environmental activities, anti-nuclear campaigns, and international taxation.

SOS spends less than half of its money on substantive activities, and only 9 percent of its budget on legislation. Finally, the NCOA engages in no legislative activities at all, presumably because it is tax exempt under Section 501(c)(3), and excessive legislative advocacy could threaten this status. It is primarily a grant organization, spending most of its budget on educational activities which it contracts out, thus keeping its administrative costs very low.

Audits of the National Committee's finances, conducted by the respected accounting firm of Price Waterhouse, reveal that 15 percent or less of all our collected funds are devoted to fundraising, 20 percent or less are devoted to administration, and fully 65 percent or more are spent on legislative advocacy and education each year.

We call on all aging groups to be as candid as the National Committee on spending and on verifiable membership figures.

LOBBY REPORTS

Both the National Committee and each of its lobbyists are registered with the Clerk of the House and the Secretary of the Senate and file quarterly reports detailing their legislative expenditures and activities. This is in marked contrast to some senior groups, who solicit money for lobbying purposes but are, in fact, not registered. For example, NCSC and the National Alliance are not registered as lobbying groups; neither do they have any registered lobbyists. And, although AARP lobbyists register individually, the organization files no consolidated lobby report, making it difficult to track AARP's real activities.

STATE REGISTRATION

As part of our effort to open our books, the National Committee has registered in every state where local solicitation statutes include the activities of a social welfare lobbying organization. We recently decided to submit informational registration forms in all other states. However, in a survey of 12 states where National Committee is registered or in the process of registering, we found to our surprise that the National Council on Aging is registered in five, but AARP, NCSC, National Alliance of Senior Citizens, and Social Security Benefit Protection Service are registered in none.

We believe it is appropriate for every nonprofit organization soliciting funds to come under the purview of state charitable solicitations statutes. The National Committee is registering voluntarily in every state, and we call on all other senior groups to do the same.

VI. LEGISLATIVE EFFECTIVENESS

The primary lobbying tool of the National Committee is its large membership. Our grassroots lobbyists will always be the most important and the most effective voice we have.

In 1985, in response to National Committee legislative alerts and calls for action, National Committee members sent to Congress and the President:

- o **1.4 million** postcards, **440,000** handwritten letters and phone calls, **47,000** mail grams and **350,000** petitions opposing the COLA freeze, **309,500** letters calling for the repeal of taxation of benefits, **350,000** handwritten letters supporting the creation of an independent Social Security and Medicare Agency, **75,000** letters and calls protesting raids on the Trust Funds, and over **2,000,000** petitions warning against tampering with Social Security and Medicare benefits.

In 1986 our members sent:

- o **850,000** postcards and **212,500** petitions in support of our 1986 legislative plan, **251,000** letters and **129,655** petitions opposing Medicare benefit cuts, **91,058** petitions supporting our Medicare Action Plan for Hospital Quality Care, **70,000** handwritten letters supporting the Social Security and Medicare Trust Funds Safeguard Act, **60,000** telegrams supporting the COLA guarantee, **341,751** petitions and **1,025,253** postcards protesting the impending bankruptcy of Medicare, **400** petitions and **1,200** postcards supporting Alzheimer's research and care, **5,345** handwritten letters calling for a lower Medicare hospital deductible, **3,295** handwritten letters, **60,762** petitions, and **182,286** postcards supporting our 5-step nursing home reform plan 1,338 handwritten letters supporting the Trust Funds Safeguard Act **3,183** petitions opposing Medicare benefit cuts **191,250** handwritten letters calling for restoration of Notch benefit cuts, and just under **5,000,000** petitions urging Members of Congress to be strongly supportive of the Social Security and Medicare programs.

Even our most biased critic can't ignore those numbers.

The National Committee is evolving. While our original concept was to use our members as direct lobbyists, we began to recognize the need to supplement this great and vital force with a Capitol Hill presence. During the last year, we have enlarged our staff to include some of the most professional advocates working in this town. And that process will continue. Among those who have joined are:

Legislative Consultant Martha McSteen, the former Acting Social Security Commissioner, and a 39-year career employee at SSA.

Director of Government Relations Peter Hughes, former legislative counsel for AARP, where he worked for 17 years.

Deputy Director of Government Relations Allen Johnston, formerly majority staff director for the House Select Committee on Aging's Subcommittee on Retirement Income and Employment and previously with SSA.

Keith Tarr-Whelan, director of the National Committee's $6 million PAC, who served for nearly three years as executive director of the Save Our Security (SOS) coalition.

Lobbyist Dean Sager, former Director of Government Relations for the American Association of Homes for the Aged (AAHA).

Deputy Public Affairs Director Ken Hoagland, formerly Special Assistant to the President, at the National Council of Senior Citizens (NCSC).

Director of Research William Lessard, formerly an international research analyst/economist for the Social Security Administration and a consultant on Social Security and employee benefits.

Chuck Campisi, who was Legislative Assistant and deputy staff director for Rep. Mary Rose Oakar, a member of the House Select Committee on Aging.

Mary Jane Yarrington, whose 30 years of Hill staff experience gave her the unofficial title, "Mrs. Social Security."

Other former Hill legislative aides: Geri Guardino, with Congressman McGrath; Bente Cooney, with Congresswoman Snow; and Dinah Kay O'Berry, from Congressman St. Germain's office.

PAC aide Maura Bruger, formerly Assistant Director of Political Programs, National Women's Political Caucus.

Press aide Eileen Church, former member relations specialist to the NCSC, and

Executive Director Landis Neal, former head of the Women's Division of the Democratic National Committee, and one time weekly newspaper columnist and vice president of Community Press, Inc., owner of three community newspapers.

VII. CONCLUSION

I have spent many years in Washington, working for my father in the White House and later serving as a Member of Congress. So I am accustomed to the "hard ball" played here. I know there are some opportunists who will attack any idea, any group, any well-known name -- just to get on television. I know, too, that some of our critics act from a genuine feeling that Social Security is so much a part of the American scene that it needs no lobbying, no defense.

But Social Security and Medicare do need defending; they need a loud, unified voice to ward off attackers. Direct mail gives National Committee members a fast, effective way to use that voice.

There is one other matter I must touch on in concluding. Among the charges faced by all of the elderly activist organizations is that in the sophistication of our mailings, we somehow take advantage of a senior population unable to separate the wheat from the chaff. At 79, as a very senior citizen, I assure you that I am very capable of understanding and dealing with my own personal and public affairs, and so are other seniors. Believe me, they see through falsehoods and false pretenses with a very sharp eye. To suggest otherwise does these worthy citizens an enormous disservice.

I know it will disappoint some, but no amount of mudslinging is going to make me give up. I strongly believe that the National Committee performs a valuable service for Social Security and Medicare beneficiaries. The facts I have reviewed in this statement should convince honest skeptics and reassure our friends that we are a legitimate organization with a deeply-felt concern for the elderly.

Those determined to discredit my organization will never be convinced by anything we say or do. There's not much I can do about that.

But I do know that Americans of all ages are joining the National Committee to Preserve Social Security and Medicare by the millions. Their letters to me prove they are with us not because of "scare tactics," but because we help seniors protect their own interests.

Chairman **Jacobs**. Mr. Moody.

Mr. **Moody**. Mr. Roosevelt, thank you for being here, and I appreciate you bringing your associates with you to answer questions.

First of all, how do you get the lists of people who you mail to—apparently, Social Security recipients? Presumably Social Security recipients lists are confidential to the Government. Can you tell us where those come from?

Mr. **Roosevelt**. Mr. Congressman, when we make a contract with a general contractor to do direct mail servicing, we choose him partly because he does have those lists. Now we do not go to him and ask where he got them, or how he accumulated them, and whether he bought them from this person or that person or just acquired them in some manner.

We have to have proof that he has the list. And that they are strong enough in the population that you would call senior citizens to make it substantial.

Mr. **Moody**. Do you want to add to that?

Mr. **Wewer**. I would like to add to that, Congressman. The National Committee uses no lists of Social Security beneficiaries or lists of Social Security numbers or anything like that. The only lists that we use are commercially available lists from things like telephone books, subscriptions and so forth that are available on the open market.

Mr. **Moody**. The people who you mail to may or may not be Social Security recipients?

Mr. **Wewer**. We have no way of knowing if they are Social Security recipients or not.

Mr. **Moody**. Mr. Roosevelt, would you pull the microphone a little closer. I think that the people behind you may not be able to hear you.

Mr. **Roosevelt**. Yes, sir.

Mr. **Moody**. Thank you.

Do you agree with the characterizations that you have heard from a number of Congressman here—based on the reaction that they have had from their constituents—that have labeled your mailings grossly misleading?

Mr. **Roosevelt**. Frankly, I do not, because I do not think that much of the criticism comes from people who are fully informed. What we have tried to do is to get the individual person to become his own lobbyist. In other words, improve the democratic process. And I say that with a small "d" not a big one.

Mr. **Moody**. Right.

Mr. **Roosevelt**. And I think that if they understood that, they would not believe that they were misleading, because frankly I do not think that they are misleading. I think that they may appear to be so to somebody until they get the proper explanation. Frankly, I thank this committee for giving us the opportunity to hopefully clear up a lot of what has become myths.

Mr. **Moody**. If you want people to become their own lobbyists, why do you need a $10 contribution?

Mr. **Roosevelt**. Because in order to become a good lobbyist, you have got to be an expert on what you are lobbying for. In order to be that, you have to have information. And the mailings mostly are of an informational and educational type.

Mr. Moody. What percent of that $10 goes to make them a better lobbyist, as opposed to other expenditures?

Mr. Roosevelt. Well, I get my facts from Price Waterhouse when they do an audit. And Mr. Chairman, I am sorry that you did not have a chance to see the financial audits of some of our rival organizations. Because I think that if they would disclose in an audit exactly what I am going to give you now, it might be very interesting.

For instance, on our expenses, legislative advocacy, petitions, legislative alerts, representation, public policy litigation takes 38 cents out of every dollar.

Educational activities including newsletters, pamphlets, brochures, communications with the general public and research takes 25 cents. Fund raising costs allocated in this manner arrive at 15 percent. Administration——

Mr. Moody. Fund raising is only 15 cents on the dollar?

Mr. Roosevelt. Fifteen cents on the dollar.

Mr. Moody. Is that including the cost of mailing, the next batch of mail?

Mr. Roosevelt. That is the percentage of the cost of the mailing; yes, sir. Most times a fundraising request is not included at all in the majority of our letters. But where it is included, it is in the letter which talks about educational activities, expenses and various other activities of the committee.

The administration costs are 20 percent, and the benefit services are 2 percent making a total of 100 percent or $24,956,467.

Mr. Moody. I am looking at the 1985 figures. We do not have 1986 figures here, and maybe you can give us those later. But in 1985 according to the National Committee to Preserve Social Security and Medicare, the Internal Revenue Form 990 for 501(c) says out of $29 million raised in 1985 that $21 million went for postage and printing. That is 88 percent. And about 11 percent went for salaries and other items.

Is that accurate?

Mr. Roosevelt. Could I have Mr. Wewer answer that for you, sir?

Mr. Moody. I am sorry.

Mr. Roosevelt. Could I ask Mr. Wewer to answer that as he is more familiar with it?

Mr. Moody. Surely.

Mr. Wewer. Congressman, I am glad that we are getting into this subject, because we can deal straight on with one of the great myths about the National Committee that has been bandied about for some time now, which is that we spend 80 percent of our money raising more money, or rather that our tax records say that we spend 80 percent of our money raising more money.

And I will categorically tell you that is flat out untrue. And in order to deal with this problem, let me take a moment to describe to the subcommittee the nature of our mailings.

In 1986, we mailed a total of 39 mailings to our members. We also mailed recruitment mailings to people asking them to become members. Of those 39 mailings, 24 or 62 percent did not ask for money.

They included legislative alerts, which ask your constituents to write you about an issue. They may have been educational pieces. They may have been newspapers and so forth. But they did not ask for money.

The remaining number, 15, did ask for money. Some of those were renewal notices saying your 1 year membership is up. And in that case, we would attribute a renewal notice 100 percent to fundraising, because that is all it did.

Many more, however, did two things simultaneously. They requested people to sign petitions or write letters in connection with a special project, and several special projects that we were involved in have been named here today. And they also requested money.

It is not necessary to send in a contribution to the National Committee in order to sign a petition or participate in a special project. And in fact, out of every four of our members who send in petitions or who somehow participate in a special project which involves a fund raising solicitation, out of every four, three of them do not send in money and only one does.

And that, Congressman, is the reason that the representations that our 990 tax forms say that 80 percent of our funds go back into raising money is simply false. Because first of all, the forms themselves report that $3,826,984 out of $24,570,202 was spent on fundraising—only about 16 percent. Second, the 80 percent figure has to be wrong because more than half of our mailings do not even ask for money in the first place. And of the other half of our mailings, almost all of them involve projects that three-quarters of those of our members who participate in or deal with do not send in money.

Now following generally accepted accounting principles and a SOP which we have provided to the staff of this committee, which is currently being used by the accounting profession, that SOP requires accountants to allocate mailings by nonprofit organizations according to the proportion of the mailing which dealt with fund raising and according to the proportion of the mailing which deals with something else. And in our case, that is generally legislation.

And so in coming up with the audited reports which Mr. Roosevelt has just read, these reports were audited and approved by Price Waterhouse, a big eight firm, the same firm, as it turns out, that audits the American Association of Retired Persons, and these percentages follow generally accepted accounting principles.

Even if you were to make the claim that 100 percent of our mailings which involve a dual request, that 100 percent of those should be attributed to fund raising, you still would not be able to get to the 80 percent figure, because more than half of our mailings do not ask for money.

Mr. Moody. If you take out the newsletters and just look at mailings, you have various kinds of mailings, correct?

Mr. Wewer. Yes.

Mr. Moody. If you set newsletters aside, according to the figures that you yourselves or the organization has provided, in 1985, 76 percent of mailings had fund raising appeals. Not newsletters, but just mailings. And in 1986, that rose to 78 percent of nonnewsletter mailings that had fund raising appeals. That is an interesting fact, that those are increasing.

Do you disagree with that?

Mr. Wewer. Congressman, if I may break in for a moment. I do not know where you got those figures, but they did not come from us. And I will state for the record at this time if I may——

Mr. Moody. This was provided directly from your organization. It is information provided to the subcommittee by your organization. I am only quoting what you yourself provided.

Mr. Wewer. Congressman, if I may go on the record.

Mr. Moody. Go ahead.

Mr. Wewer. The information, and I would have to see what you have in your hand and take a look at it, the information which we have is in 1986 that we made 24 mailings to our members that did not ask for money, and we made 15 mailings to our members which did ask for money, and most of those did other things as well.

In addition, throughout the year, we had recruitment mailings which involved two major rollouts and about six major tests.

Mr. Moody. I am informed by staff that the staff asked for all of your mailings in 1986. And that you provided them, and that they simply added them up, and these are the numbers that they got.

Mr. Wewer. I have been informed by our staff that at the time our senior staff was away from Washington, our clerical staff provided a portion of the mailings thinking that the request had been primarily for fundraising mailings.

I am further advised by our staff that our staff either has put together and has submitted or is in the process of putting together the remaining 20 some odd mailings that we made, and those will be made available to the subcommittee.

Mr. Moody. Let me turn now to the alleged comment about misstatements or misleading statements in your materials. You said in November of 1985 in an "urgent-action-gram" that you needed to raise $250,000 immediately "to support legislation and legal action to restore all moneys taken from the Social Security trust fund moneys." That is a direct quote. I am quoting your action-gram.

First, I would like to ask you how that is compatible with your statement that your goal is to turn citizens into lobbyists, since you are asking for money to in effect take steps yourselves to support legislative and legal action. That is hardly asking citizens to do it themselves.

And second, would you agree that the second misleading feature of that statement is that in fact the Subcommittee on Social Security chaired by Congressman Jones and several similar organizations including the AARP brought lawsuits before the action-gram was ever mailed, which is a very important omission on your part, and that in fact your organization never filed any legal action despite the promise that that was what the money was going to go for?

Mr. Roosevelt. Mr. Congressman, will you accept a nonlegal answer to your question?

Mr. Moody. Surely.

Mr. Roosevelt. In the first place, let me emphasize that we have come to the conclusion and said so publicly now several times that we just could not rely totally on lobbying by the membership, that we had to have professional lobbyists on the Hill to satisfy the Postal Service Department for instance on their standard and various things of this kind.

Second, we thought that it was important to get the best legal advice that we could get as to what action we should take including filing a lawsuit. So we obtained the firm of Williams & Connolly in Washington, and we did that with the understanding that they were to file a lawsuit, and we also drafted legislation that was subsequently introduced in both Houses, both the House and the Senate, simply to prevent such an occurrence from ever happening again.

Their advice to us was not to file the lawsuit. It is not necessary, it will be a waste of money. It will be thrown out of court as not being necessary at this time to have that kind of a suit. And so we took the advice of the law firm that we had hired, and we had to pay them a fee for their advice. Their advice was to not file the lawsuit, it served obviously the interests of the membership not to file an unnecessary lawsuit.

Mr. MOODY. Since you raised the money to file a lawsuit and then did not, did you return the money to the senior citizens?

Mr. ROOSEVELT. We did not raise the money just to file the lawsuit. We raised the money in order to find out whether we should file a lawsuit, and to help us in the general area of what we should do to meet the challenge that faced us at that time.

Mr. MOODY. I am just quoting, "$250,000 needs to be raised immediately to support legislative and legal action."

You are telling me that you interpret that to mean that just to find out if you should file a lawsuit is compatible with that statement, and there is no misleading element in your statement?

Mr. ROOSEVELT. No, sir, I do not think so. Because we got a result on our investment, you might say. We got Senator Cranston from California to work on legislation, which we believed then that instead of a lawsuit we could do the job legislatively. We thought at one time that we had to go to court to get done.

I think it was the fact that the legislation was not passed because unfortunately there was a misunderstanding between the two Houses, and I hope that it will be resolved, because I think that we need the legislation. And that $250,000 or whatever figure that you used was an investment in getting the result as to the course that we should be following.

Mr. DAUB. Would the gentleman yield?

Mr. MOODY. Yes, certainly.

Mr. DAUB. Just to make it a matter of record that the disinvestment issue is a very important one, but I hope that everybody remembers that the legislation passed the House 401 to nothing. I imagine that there should not be any effort to lobby the matter in the same way that it may have been lobbied in the past, now that the public understands the House's very overwhelming sentiment in that regard.

Mr. WEWER. Congressman, perhaps I could speak to that.

Mr. DAUB. I thank the gentleman for yielding.

Mr. MOODY. Let me just reclaim my time.

You are saying that the senior citizens frightened as they were and sending in the money as they did got a good investment on that money, because you decided that a lawsuit was not necessary? That it was a good investment for them for you to find out that there was no need for a lawsuit?

Mr. ROOSEVELT. It certainly was. The advice that counsel gave us as a result of being retained was to that effect. In other words, there is no point in hiring a lawyer and then disregarding anything that he might say.

Mr. MOODY. In March of 1984, you said in your solicitation, "And most importantly, you will be helping to make it possible for us to continue our work here in the Capital to protect, defend and improve Social Security and Medicare programs."

Is that compatible with your statement that you want to turn every senior citizen into a lobbyist?

Mr. ROOSEVELT. Yes, completely, because I am not giving up the idea of making every senior citizen into a lobbyist. I want them to be, and I am going to continue the work so that he is. But we need to supplement that. I hope that I can make that sufficiently clear to make the answer stick with you. We need professional lobbyists, also.

And as somebody, I have forgotten, I think that it was Mr. Archer when he was here, mentioned the fact that I had not been before the Ways and Means Committee. Well, I have been before the Ways and Means Committee, and some of my staff have been before the Ways and Means Committee, and we would be glad to document it to you if you want it.

But the fact is that I realize that one has to cover the membership of the House and Senate, and that is a tremendously big job. Because they have to go into details on other matters as well such as when you are drafting legislation, such as came out of the efforts that we made with Senator Cranston.

Mr. MOODY. Mr. Roosevelt, I do not want to belabor this. I am going to turn my time back over. But when you say, "To make it possible to continue,"—I want to stress the word "continue"—"our work." That was in March of 1984. It could not have been possible for you to "continue" your work since you had no lobbyists in March of 1984, not earlier than March of 1984. You did not hire a lobbyist until after that.

I would think that it would be misleading to tell senior citizens that you want to continue something when you have not yet begun it. I will yield my time back to the Chairman.

Mr. ROOSEVELT. May I just answer that, sir?

Mr. MOODY. Sure.

Mr. ROOSEVELT. We did have lobbyists then. We had Jim Corman, a former Member of the House, in 1984. We had Ken Bowler and Bill Wewer himself working for us at that time, primarily as a lobbyist. But in the early days, I found that I had to be here much more because I did not have a staff to work with. So it did require considerable time, effort and money to get the ball rolling. Remember that that was just a few months after we started getting into business.

Mr. MOODY. You did not have a lobbyist. You did not at that time have a lobbyist. Corman was hired later according to our records.

Mr. ROOSEVELT. In 1984, he went to work for us.

Mr. MOODY. Not in March of 1984 when you told them that you were continuing.

Mr. ROOSEVELT. It might have been April or May. But I am afraid that he did some work for me when I did not have any money to pay him.

Mr. MOODY. Thank you.

Chairman JACOBS. Mr. Daub.

Mr. DAUB. Mr. Chairman, what I might do in the interests of time for our other colleagues is ask a few questions now.

Chairman JACOBS. We will follow the 5-minute rule. And if there are omitted questions, we can come back. But we will just round robin. Go ahead.

Mr. DAUB. Thank you very much, Mr. Chairman.

Mr. Roosevelt, I have been interested in getting you in front of a congressional committee for a long time.

Mr. ROOSEVELT. Well, I am glad that I am here.

Mr. DAUB. Well, I am glad you are here, too. Because as you may have heard me say, I was pretty shocked. I did not pay much attention to your outfit, I will be honest, although I was getting a lot of mail.

I think that you are trying to say and you would probably be better off if you would say it, that you made a lot of misleading statements in your early days in the mail. Instead of beating around the bush, maybe that would get you off to a better start, if you just said that.

But, the fact of the matter is that in those early days that I did not pay a lot of attention. It was trashy mail as far as I was concerned, and it was really misleading seniors. But I, too, like you said, agree that they are pretty discerning people. They figure it out most of the time, and they know what to do. And I do have a trust in their ability to sort things out.

Then I got a letter from a person that followed a Social Security office call that said that I was not a candidate for reelection any more. You may remember. That was brought to your attention, and I asked your committee to correct it. There were still 4 weeks to go before the election, and the apology went out to my district 3 months after the election. That indicated to me the level of the expertise that was then a part of your organization.

And I focused my attention then on whether or not I ought to be as upset as some of my other colleagues had been and obviously are. Then I saw your newsletter with your picture on the masthead reporting that you presented testimony before the Ways and Means Committee. You were not there. Your testimony was presented in writing before the committee, but you were not there.

Now all I want to do is make the point, and this has been a couple of years ago, that you were not there. But if I were a dues-paying reader of that newsletter, I would think that you appeared on my behalf to testify before the Committee on Ways and Means. Now we could argue that it is a refinement, but you were not there, but your testimony was there.

So that bothered me. So I commenced to investigate a little further. I found out——

Mr. ROOSEVELT. Mr. Congressman——

Mr. DAUB. Let me finish. I found out that you had a PAC, a political action committee. I was just noting with my colleague, Mr.

Duncan, the ranking member, that you raised enough money that you could give every Member $2,000 and still have money left over.

But the fact of the matter is that was curious. Then I talked to Mr. Corman, the gentleman you brought up a minute ago, and I asked him was this committee that he was representing in the business of selling insurance, and lo and behold I found out it was. It was a surprise to Mr. Corman. He did not know that you were selling insurance. I now understand that you no longer sell insurance.

But again in the early days of your committee, these were the impressions that were being created and impacting on us here in Congress. So now I thought maybe that you were starting to learn your lesson. I saw your staff explode, and I now see solicitations that are sent out to members for special assessments to build a building and set up a special lobbying fund to protect the trust funds. That money is earmarked, I presume, although I am not sure.

I find it interesting that you mail them a dollar, and then ask them to contribute. I wonder what that results in in terms of percentage of fund raising, if 25 percent or if one out of every four respond to your mail, which is higher than most direct mailings I have ever heard about.

But let me point out what your direct mail looks like now in response to criticism. I notice that the eagle on your old mailing was very much like the Seal of the United States. I notice that if I take a microscope to the eagle now that its head is turned to the right. But I sure had to look close to find out that the emblem is different.

Before I ask any questions, and I am going to have to defer to my colleagues to ask them, because I want to stay within the 5-minute rule, I have tried to be very careful to not go into this approach to you until after the television cameras had left, as you can see how interested they are in this controversy. But, I have got a series of questions which if I do not get asked I hope that the chairman will allow me to submit them to the committee and to Mr. Roosevelt so that we can get answers in writing.

Chairman Jacobs. Without objection, that will be approved.

Mr. Daub. Thank you. I am going to ask you about this member's mailing for special assessments to build a building, an office building, it looks like. I am going to ask you about the letter that was sent to someone in Russellville, Ark., in 1985 asking her to contribute between $7.50 and $10 to help pay for a television program.

And I am going to ask all about that, and I want all the financial records on that one, whether the show went on, how much it cost, how much was collected, et cetera.

I am going to ask about Barber Conable's statement in September of 1984 about a mailing, which you are familiar with, when your staff salaries then were only $52,905. I do not know of any contact as a result of that letter with any Member of the majority or the minority of the Committee on Ways and Means.

I am going to ask about the infamous urgent action-gram sent soliciting money that I think was asked about a minute ago.

I am going to ask how you could ask for $30 per member to lobby on disinvestment. That means you must have set a goal of $60 million with that particular mailing.

I am going to ask about letters that were sent out—well, the first one in 1983 said "never in 45 years since my father started Social Security has there been such a severe threat." Three years later you said "never in 51 years since my father." It does not add up. I do not know who is writing your copy. And I would like you to explain all that.

And then I am going to ask you about the Butcher-Forde direct mail contract and a number of other things.

I yield my time to other colleagues that I know, Mr. Chairman, have to go. And then, Mr. Chairman, we should get back to these questions I think before the end of the day. So, I will give him some time to think about it.

Mr. ROOSEVELT. Mr. Chairman, could I get a copy of——

Chairman JACOBS. Yes, of course.

Mr. ROOSEVELT. I cannot remember all he rattled off so fast.

Chairman JACOBS. You may respond, of course.

Mr. ROOSEVELT. Well, I would just like to make a few quick responses, and then if he will give a copy of his questions when he comes back, I will be glad to——

Mr. DAUB. I am going to stay. It is just that my colleagues have to go.

Mr. ROOSEVELT. I do not know what records you have been looking at, Mr. Congressman, but on September 15, 1984, I appeared before the subcommittee—Ways and Means Subcommittee on Health to discuss the Medicare financing crisis. So, I was before your committee.

Mr. DAUB. I know you have appeared once in the history of your organization. I am talking about in 1985 when I got on the committee, you did not appear, but the newsletter the next month said you did. And I will furnish that for you.

Mr. ROOSEVELT. It is possible that there was a mistake, and when I get the time I am going to try to answer it piece by piece because I do not want to leave the impression we did not make any mistakes. Obviously we made a mistake in not getting it corrected—your running for reelection till 3 months after election. That is an obvious flaw, and we apologize for it.

Mr. DAUB. Your mail did not have the impact that may have been intended.

Mr. ROOSEVELT. No. I will tell you the honest truth. I will tell you the honest truth. Many times when you start something from nothing, you make mistakes. There are errors. You are not properly organized yet. And that unquestionably happened several, several times in our early days. But we have tried to keep up with it now. I think we have just about caught up with it, but that is not going to stop us from still making some mistakes from time to time.

But the thrust of what I am trying to say is we must have been doing something right too. And part of it you heard in previous testimony why people need the kind of a lobby up here on the Hill because in order to focus on these mistakes that give them the unease, gives them a scare, they have to find somebody, some leadership someplace. We have tried to supply that.

And the fact that we have been able to get 4 million plus members in a little over 4 years starting from nothing, starting without any great big fund drives or ability to put them on, I think speaks for itself. And I would ask the committee to consider whether there was not a problem, if there was not a problem where people needed help. And we were not trying to do anything—were not trying to sell a bill of goods to anybody. We are trying to say let's make the Social Security system work.

Mr. Daub. Mr. Roosevelt, I have great admiration for a man, your father, who said on the day that he signed the bill in words to this effect, said it is a great day for this country. There will never be another person on welfare. I cannot think of a more important program that has underpinned the security of middle America than that. And I have great respect for you as a former Member of Congress. And I can tell you that we agree probably I think, almost perfectly, with your last statement.

The fact is, though, I would dispute that you would have 4 million members today if you had not in your earlier days rather inflamed some who received that mail into mailing that contribution. If you are trying to say that you made some mistakes and you are trying to right those wrongs now, you might be off on a pretty good foot with this committee.

Mr. Roosevelt. Well, I do not deny we made some mistakes, but I would like to emphasize that I do not agree with you that we inflamed anybody. We simply told them the truth. And when they recognized the truth, they came in and they were signing up as members right and left. Now, they would not do that if as you yourself said you thought they were a pretty smart group of people. And if they are pretty good and smart, then their actions speak louder than words.

Chairman Jacobs. Mr. Levin?

Mr. Levin. Mr. Roosevelt, welcome. Your name means a great deal to us, and I proceed within that spirit.

In seeing your testimony, your testimony on page 2, "groups such as ours, which give concerned citizens a way to flex their muscle in support or opposition to specific legislation, are looked upon with distaste by some in Congress." I hope you will not interpret the appearance of a dozen members and the interests of the seven or eight of us as expressing a distaste for grassroots action. It is quite the opposite.

Speaking not only for myself, but many others, we are concerned because of what we are hearing from our constituents. I received a letter—and there have been more like this—this year from a gentleman in Redford Township, January 13. And he says, "He is back at it again." I think he means you. "Is my Social Security in trouble? Five million petitions to the Congress this year at $10 each, that is a lot of cash. What is he doing with it?" And then Mr. Ruin closes, "Please quiet my nerves by looking into this plea." And that is a constituent talking not about your protecting him, but your unnerving him.

I want to refer to the attached letter, the one he sent to me that you had sent to him.

But quickly, going back to this November 1985 urgent-action-gram, and that was not so long ago, is it not true that that action-gram was sent out to about 250,000 people to support immediate legislative and legal action? Was that not sent out after a lawsuit had already been started?

Mr. **Roosevelt**. Not by us, sir.

Mr. **Levin**. The lawsuit had already been commenced, had been filed in court by I believe Members of Congress and various groups. Had not there already been a lawsuit commenced?

Mr. **Roosevelt**. Yes, sir, there had and——

Mr. **Levin**. The answer is yes.

Mr. **Roosevelt**. The answer is yes, but——

Mr. **Levin**. Okay. Did you——

Mr. **Roosevelt**. I think I should have the privilege of finishing my sentence.

Mr. **Levin**. Oh, please, go ahead.

Mr. **Roosevelt**. We did not—we were not aware at the time of the lawsuit being filed and its implication. The advice we got from our attorneys was to make us aware of that, and to say, therefore, they have preempted the field. And it is silly to waste money, your friends' or anybody else's, on a useless lawsuit when there is one already in litigation. Maybe Mr. Wewer would like to add to that.

Mr. **Levin**. But Mr. Roosevelt——

Mr. **Roosevelt**. My counsel says that the letter was written and mailed before the lawsuit. I understood you to say that it was mailed after the lawsuit.

Mr. **Levin**. You are sure that your action-gram was sent out before the lawsuit had been filed by a number of Members, AARP and others? You are sure of that?

Mr. **Wewer**. I know for a fact that the action-gram was mailed before the legislative action.

Mr. **Roosevelt**. Yes, before the lawsuit.

Mr. **Wewer**. I believe—I was not—I can tell you that I was not aware of the lawsuit at the time the urgent-action-gram was written and mailed.

Mr. **Levin**. Your action-gram is dated November 8. The lawsuit was filed on October 31.

Mr. **Wewer**. And the action-gram was written and processed at the end of October.

Mr. **Levin**. It is dated November 8.

Mr. **Wewer**. And it is dated at a time consistent with the dropping. I suspect that the mail was actually dropped in the post office at about the time the October 31–November 3 period. Typically if we put a date on a letter, we will take into account the time that the post office takes to deliver it and push that date forward a bit.

Mr. **Levin**. So, you are saying—you are the general counsel?

Mr. **Wewer**. Yes, I am.

Mr. **Levin**. You are saying at the time that this was placed in the mail, your organization had no knowledge of the filing of a lawsuit by Members of the Congress and various citizens' organizations.

Mr. **Wewer**. We had rumors that such lawsuit might be filed. From what we understood of what the lawsuit might be, we felt that a different approach would be preferable. As it turns out, we explored obtaining a declaratory judgment setting out rules as to what the Treasury Secretary could and could not do, which is different from the lawsuit, which was filed.

However, our counsel—and frankly I tried two counsel on this—both sets of counsel recommended that declaratory judgments are so difficult to obtain——

Mr. LEVIN. I understand. The time is short. I really asked for a yes or no.

Mr. ROOSEVELT. So, we have really bypassed the point of the memorandum because it was a three part memorandum, support legislative and legal action, to restore all money taken from the Social Security trust fund, which incidentally was absolutely undefensible; second, to force Government to repay all lost interest to the trust fund, which the Congress did; outlaw any future raids on the Social Security trust fund, which we have not yet accomplished. So, there was a threefold purpose in that one appeal.

Mr. LEVIN. I understand that.

Mr. ROOSEVELT. Not concentrating on just one.

Mr. LEVIN. I think that is a relevant point, but let me then ask you pointblank. If you put this in the mail after the filing of the suit, and did not refer to the fact a suit had already been filed, would you consider that to be in any way misleading or unethical?

Mr. ROOSEVELT. Of course, I would not. But I am only a nonlegal. Maybe——

Mr. LEVIN. No, I do not mean from the legal point of view.

Mr. ROOSEVELT. No, sir. If we honestly did not know about it——

Mr. LEVIN. But if you knew about the suit and mailed it without referring to the fact the suit had already been filed, would you think that was in anyway misleading or unethical?

Mr. ROOSEVELT. But that is not true in my case.

Mr. LEVIN. No, but if it had been.

Mr. ROOSEVELT. If it had been?

Mr. LEVIN. Yes. If you mailed this after the filing of the suit, knowing of the suit and failed to refer to it, would that have been in your judgment unethical?

Mr. ROOSEVELT. That would have if that had been the case.

Mr. LEVIN. I would appreciate then, Mr. Chairman, your submitting for the record all of your records as to the date of the mailing of this mailgram and the names of people within your organization who handled the dispatch of this mailgram.

Mr. ROOSEVELT. It would have happened—just so that you will not have to read too much material, which of course we will be glad to send you. But the general idea had to be approved by me, and it was approved by me. The actual mailing date would have had to be the responsibility of the Washington office, and I would have to get the records from the Washington office as to who——

Mr. DAUB. Will the gentleman yield?

Mr. LEVIN. Yes.

Mr. DAUB. I think the pursuit of information in this regard is important and useful. I think it is accurate. Would he include in his request for information a copy of the billings from the law firm?

Mr. LEVIN. It is all relevant information. Now, I will finish because that is back in 1985. And I just want to refer to the letter that was attached by Mr. Ruin—his letter of this year. Mr. Daub has referred to it briefly.

"My father started Social Security. Now we must act to save Social Security and Medicare." And then you go on. You point to certain perils to the system in the past, and a lot if not many of us fought hard to overcome these perils. No one has suggested that at no time were there no serious challenges to the Social Security system.

Now, we are talking about 1987. And you say on page 2 of this letter, "Deep cuts, if made, would mean a dreary existence for many present and future Social Security and Medicare recipients." And then you go on. I am leaving out a clause which just adds to that emotional feel. "But must we break our solemn commitments?" And then you say, "No, it need not happen, not if you join with me and millions of other Americans to stop it right now."

So, let me ask you, if I might, what proposals you are referring to that relate to deep cuts in Social Security that would mean a dreary existence for many present and future recipients? What is going on here in Washington that you are referring to?

Mr. ROOSEVELT. One of your previous witnesses, the Commissioner of Social Security, said she was going to try to keep up the same service for a reduced budget, fewer people out in the field offices. And Mr. Congressman, you and I know in all honesty if we talk to people at all, that the service out of the field offices is at a very low point, the morale is at a very low point. And it keeps going lower because of the threat to reduce the service—the people available to give service.

If you have ever tried to get information or a letter answered——

Mr. LEVIN. I agree with you about aspects of that. But this talks about deep cuts for present and future Social Security recipients. Now, that is what you are conjuring up. And I want you to tell me—the service fought bitterly against the administration's proposed cuts. It was enacted, it passed here.

But this is 1987. I want you to tell me what deep cuts are being proposed and by whom for many Social Security recipients that would create a terrible dreary existence. Tell me what that refers to.

Mr. ROOSEVELT. I will read you a long list. I will try to keep it as short as possible.

The Medicare trust fund is supposed, by its own board, to bankrupt by the middle of the 1990s unless prompt action is taken. I see from day to day no plans for that prompt action. And that does not come from anybody trying to run down anybody else. It is just a statement by its board.

Mr. LEVIN. OK, that is the Medicare system. And I want to talk about that. But you refer to Social Security and Medicare. And I was referring to your reference to Social Security. Deep cuts in Social Security as distinguished from Medicare.

Mr. ROOSEVELT. But they have to add up together, and I cannot separate them totally. I will try to separate them as much as I can.

Mr. LEVIN. If you can, because you refer in this letter to both.

Mr. ROOSEVELT. Now, we know that Presidential hopefuls—the game has already started—call for drastic changes in the entire

Social Security concept, either replacing Social Security with some form of IRA or making it a welfare program. Now, if a Presidential candidate comes up with something like that, you say, where there is smoke, there must be fire. And it would disturb our members.

The Reagan administration attempts to force seniors to bear a disproportionate share of the Gramm-Rudman-Hollings budget cuts through higher Medicare costs. And I should have——

Mr. LEVIN. Medicaid, not Medicare.

Mr. ROOSEVELT. That is right.

Mr. LEVIN. And that has some impact.

So far you have referred to the proposals of the candidate or two proposals I would deeply oppose to change the system. Is that what is the basis for this statement?

Mr. ROOSEVELT. That is one of them.

And then I would also protest the politicizing of the Social Security Administration by the current Commissioner frankly because I think we want to get away from that kind of administration in a completely nonpartisan Social Security Administration. But that is going on and it has disturbed a lot of senior citizens who see it getting back into the partisan political picture.

Mr. LEVIN. This is not a deep cut in Social Security benefits.

Mr. ROOSEVELT. No, but——

Mr. LEVIN. So, I mean, that is a statement——

Mr. ROOSEVELT. It is worse. It means less proficiency. They are really at a low point now trying to get good administration, and they see it getting worse, not better. That would cause you a lot of trouble.

Mr. LEVIN. Well, my 5 minutes plus are up.

Is there anything else which you would point to support your reference to deep cuts, dreary existence, in Social Security benefits?

Mr. ROOSEVELT. I would like to just mention two, if I could, first of all, the prospects of future debt ceiling crises with renewed pressure on the Treasury Department to repeat the 1985 raid on the Social Security trust fund. I would like to put our full weight behind action on that to remove that as a fear.

You would be amazed at how many people were horrified and shocked at that action. And yet, it is still possible to do it more than a whole year later. And if after several times, its having been done before, certainly it would be very unnerving.

Second, the failure of Congress to address the issue of the notch which destroys the faith of some 10 million Americans in the very fairness of the entire Social Security system. I understand why it has not been done. The cost of it has been a factor. But is it not the requirement that the leadership of the Congress to turn around and do something to rectify the spirit and the principle involved in the whole notch issue. I think there is room for compromise. I think there is a compromise that will not bust the Government or bust the Social Security trust fund or anything else.

But there is no action, there is no leadership on it. And it establishes a principle which we simply cannot afford to let stand.

Mr. LEVIN. Mr. Roosevelt, let me just finish in 30 seconds. I agree with you about prohibiting any future raids on the Social Security system. A number of us have proposed legislation, and I think it passed the House.

But I respectfully but urgently say to you on behalf of my constituents, for you not to send out a letter raising money that talks about deep cuts, a dreary existence, breaking our solemn commitments. It need not happen, not if you join with me right now, I say respectfully but strongly, I can understand why thousands of senior citizens in this country are not informed by this letter but are frightened if not intimidated. Maybe frightened enough to send you money, but frightened. And people need security about Social Security, and this kind of letter creates insecurity about Social Security beyond what is on the horizon.

Mr. ROOSEVELT. I grant you, sir, that is a judgment call. My judgment says to me that the more action, the more education, the more facts you give to the senior citizens, the better——

Mr. LEVIN. I agree. Facts, not misinformation.

Mr. ROOSEVELT. We try to give them facts all the way down the line. And I have never—except in one instance that I know of, I know of no time that we have ever declared something to be a fact when it was not a fact.

Mr. LEVIN. Thank you, Mr. Chairman.

Chairman JACOBS. Mr. Archer?

Mr. ARCHER. Mr. Roosevelt, as I mentioned in my preliminary remarks, I do appreciate your coming and being a witness for us today when none of the other organizations that are doing similar types of things saw fit to be here. I compliment you on that.

The meeting that you and I had in my office some time back, was, I thought, very constructive. And the comments that we shared, concern for Social Security, efforts to constructively work toward preserving it, made us move down the same path as we discussed the situation.

But the letters that have come out from your organization do not speak as you spoke in my office. And you know, there is the old story about the Congressman who got this awful letter from a constituent. And he wrote back, and he said, I just thought you ought to know some fool is writing to me and using your name. And your name is on these letters and it is not you speaking.

Mr. ROOSEVELT. Oh, yes, it is, sir.

Mr. ARCHER. Well, it is not you as you spoke to me in my office. It is citing information which you say is accurate, and yet on its face is not accurate.

You mentioned the lawsuit, and I would like to just ask you, how much do you pay in annually for your legal counsel?

Mr. ROOSEVELT. I will let him answer for himself. He is the one who gets the money. Mr. Wewer?

Mr. ARCHER. Is he your sole legal counsel? Or do you have others that counsel you?

Mr. ROOSEVELT. He is my general counsel. He is, of course, free to consult with others.

Mr. ARCHER. What was the amount of fee that was paid to him for all of your legal consultations last year?

Mr. ROOSEVELT. Mr. Wewer?

Mr. WEWER. All of the material is in the Price Waterhouse reports which we have submitted to the subcommittee. As I recall, the legal fees in footnote 3 or 4 or whatever—legal fees were on the order of $60,000 or $70,000.

Mr. ARCHER. That is the total of legal fees that this organization paid?

Mr. ROOSEVELT. Most certainly not. Most certainly not because we use Williams & Connolly to do litigation. We also use others.

Mr. ARCHER. What was the total of the legal fees that were paid out?

Mr. WEWER. I have no idea. I will have to get you that information.

Mr. ARCHER. Well, certainly they were substantial, and it seems to me you did not get very accurate counsel for the dollars that you spent, Mr. Roosevelt, because by your testimony today the information you put in your letter relative to the lawsuit and the situation therein was not accurate.

Now, I have got to take some issue with what you said today. You said you have not inflamed anybody. All you have done is told the facts and told the truth and provided a service that was not available and that needed to be provided to the people of this country who were Social Security recipients. I do not think I put words in your mouth when I said that. Is that an accurate restatement of what you testified to our committee?

Mr. ROOSEVELT. Or citizens who were getting to be senior enough to qualify.

Mr. ARCHER. All right, I accept that.

Well, you know, there are many, many other organizations that are working very, very hard for a stable Social Security system. And I mention only a couple: SOS and AARP. They do not send out letters like this. And they are very effective in their work with the Congress.

Now, you know, you have made some statements in these letters, and since you take full responsibility for all of the words that are in them, I would like to go into a couple more instances. I agree with my colleague, Mr. Levin, about this comment about cuts and a dreary existence and so on.

But in one of your recent letters—and I guess I have got to ask you this question. Why don't you date your letters? I am just curious. It is very hard to know the chronology of these letters because none of them has a date on it.

Mr. ROOSEVELT. I guess we look at the envelope, but we should date them. If that will——

Mr. ARCHER. Is there some reason why you do not date them?

Mr. ROOSEVELT. Any reason, Mrs. Neal? You are the director of the office.

Mr. ARCHER. It is very unusual for anybody to send out a letter without a date on it.

Mr. ROOSEVELT. I never noticed they did not have a date. I will be glad to see that mailings have a date from here on in, believe me.

Mr. DAUB. Would the gentleman yield?

Mr. ARCHER. I would be happy to yield.

Mr. DAUB. I think a direct mail specialist would advise you that they can mail that letter to target groups in serial or in tandem all year long as they get new lists. And the letter's printing—per copy then goes down because they can roll the letter. That is the term used in the direct mail business.

Mr. ROOSEVELT. That may be the technical answer, but I do not think it is good enough.

Mr. ARCHER. In what appears to me to be one of your most recent letters, but since it is not dated, I am not certain of that, it has your name at the top of it, just James Roosevelt. And it says as follows. I am not going to read the whole thing, but it does say in one of the top sentences, "The dollars you have invested in Social Security may not be safe unless you take action today." Now, this is one of your most recent letters.

Now, why do you think that Social Security is not safe? Can this do anything but not inflame this elderly woman to whom this letter is addressed?

Mr. ROOSEVELT. Well, let me just say that I think it is very important for us not to ever lose sight of the fact that this is a continuing fight. It is not something that happens in one week and is over with. And I believe with all my heart that it is a continuing fight, that people should be anxious to know, to get information, and to be ready to take action whenever they are alerted, and to have the existence of the machinery to do that.

Now, for instance, the Chamber of Commerce, the American Medical Association, and the editorial writers of the Washington Post and the New York Times—they all talk about cutting Social Security for deficit cutting. That is a continuing fight. And I think if my members are a little bit alarmed by that list of people who are opposing Social Security, I think we should all be alarmed.

Mr. ARCHER. All right, now, then you say, "A Washington lobbying team went into high gear demanding that all Social Security trust fund money be returned to the fund." This was obviously some time after the so-called disinvestment of the fund.

Now, I would like to know if you would lay out for this committee what your lobbying team did because as a member of this committee, ever since its creation—and I have not been a member of the Medicare Subcommittee, but I have been a member of the Social Security Subcommittee, you have never appeared before this committee. Is that correct or not?

Mr. ROOSEVELT. I would have to look up our records of what committees I have appeared before.

Mr. ARCHER. Has any of your representatives—one or more of your representatives—appeared before this committee and did you appear before this committee when we considered the remedies for disinvestment and the effort to make the fund whole?

Mr. ROOSEVELT. Well, sir, yes, sir. I will be glad to answer that statement.

Mr. Jim Corman went before the committee in connection with the independent Social Security agency matter on July 30, 1984. Mr. Bill Wewer on April 3, 1985, appeared before the committee——

Mr. ARCHER. That was before. Sir, that was before the disinvestment problem, was it not?

Mrs. NEAL. I would like to respond.

We had hoped very much that Mr. Roosevelt could have been in town to testify. As I hope you know, no formal invitation was extended to Chairman Roosevelt. I talked with him about the possibility of his coming back east because you are right. This was and continues to be an extremely important issue to us. He did have a conflict in his schedule that he could not change. So, we submitted for the record.

Obviously, with hindsight we should not have done that because there has been such a furor over the fact that the chairman was not in town that day. So, with hindsight we would do it a different way. And of course, now we have many more lobbyists on staff who can help us with that.

Somewhat of interest I think is the fact when the hearing transcript was printed, our testimony was inadvertently left out as was Congressman Clinger's who had helped us draft and subsequently introduced our version of the safeguard legislation on the House side. I will say that Chairman Jones, when he learned of that, was most gracious and had it inserted in the Congressional Record.

Mr. ARCHER. Well, the timing is very important. That chronologically occurred after Mr. Daub and I and Mr. Pickle and others got our legislation adopted—drafted and adopted by the House.

Now, I must say to you that I have been ranking on this subcommittee quite a number of years, and no one in your organization has come to me and talked to me. I am continually importuned by AARP and SOS and others. And I just wonder what your lobbying effort consists of.

Mr. HUGHES. Mr. Archer, I hate to quote very recent facts, but I believe that Mrs. Neal and a member of my staff were in your office recently, a couple of weeks ago. And I realize that is recent.

Mr. ARCHER. But that was relative to these hearings, not relative to the matter that I am talking about.

Mr. HUGHES. I realize that that is recent. I just wanted to say that for the record.

I started with the National Committee in September of last year. Since that time I have been expanding on and building a staff and expanding the previous efforts of the National Committee which had relied in some instances on outside counsel, as well as Mr. Roosevelt himself, Mr. Wewer, and Mr. Lessard who has been on the staff for about 3 years.

We currently have 11 registered lobbyists. And as the director of Government relations, and former legislative counsel for AARP, I can assure you that I and my staff will be meeting with any Member of Congress who is willing to sit down and talk, and with staff, and with the staff of the appropriate subcommittees and the full committees.

We want to be visible. We want to work with you. We want to have your advice, and we hope that you will listen to some of our ideas as well.

Mr. ARCHER. Well, certainly I am interested in preserving Social Security and making it a viable and secure institution. But I must say that when you say that—Ms. Neal, you say that you did not come and testify before our committee because you were not invited, we send out press notices. And anybody, who is in Washington who follows the course and activities of Social Security and wants to be represented, then contacts our committee and says they would like to come testify. And that is how witnesses come. We very rarely extend special invitations to witnesses.

And I would have thought that your operation would have been aware of that.

Mrs. **Neal**. I am aware of that, Congressman. I specifically made that point because there has been a most inaccurate story that has floated around in the press and on Capitol Hill that Chairman Roosevelt was invited to testify at that particular subcommittee hearing and that he refused to do so. The point that I make is that an invitation was never extended, therefore there was no opportunity for him to formally refuse. I just wanted to make that point. And your point is well taken as well.

Mr. **Archer**. I did not make that allegation.

Mrs. **Neal**. Oh, I know that. I am not suggesting that.

Mr. **Archer**. Let me refer again to a passage in the same letter, Mr. Roosevelt, and it reads as follows: "If we lose, government officials will retain the right to use our trust fund money whenever they want to."

Now, is that an accurate statement?

Mr. **Roosevelt**. You bet. Do you want me to document it?

Mr. **Archer**. You mean that you do not understand that there are serious restrictions in the law as to when and how that money can be used?

Mr. **Roosevelt**. There is nothing that will prevent the Secretary of the Treasury doing over again what he did approximately 1½ or 2 years ago.

Mr. **Archer**. In other words, he could do this tomorrow if he wanted to.

Mr. **Roosevelt**. He could do it tomorrow. It has been done in the last 5 years at least three times. And we have not yet got a solution to the problem. I hope and think we are pretty close to it. I hope.

Mr. **Daub**. Will the gentleman yield?

Mr. **Archer**. I would be happy to yield.

Mr. **Daub**. First of all, we have to run up against the debt ceiling which is one safeguard.

You know, the other side of this, sir, is that had the disinvestment "not have occurred," your newsletters might have been banging on the system because, in fact, no checks were mailed. I mean, you could have had your cake and eat it too, if you wanted.

Mr. **Roosevelt**. I think there should be a requirement that as long as the trust fund exists and has money in it, if checks are due to the senior citizens they get paid.

Mr. **Daub**. We agree on that, but the gentleman from Texas asked you about the statements you made in your letter. The statements you made in your letter dealt with the safeguards in the system. And no public official can just go out there willfully——

Mr. **Roosevelt**. But he has done it.

Mr. **Daub**. No, not until he is faced with the lack of authority provided by Congress and the law, which we agree on, to prevent disinvestment, when the debt ceiling is reached. So, there is a safeguard. Nobody can just reach in today.

Mr. **Roosevelt**. Well, Mr. Congressman, I would be very interested if you would put into the record a prohibition against the Secretary of the Treasury doing it and being——

Mr. **Daub**. You——

Mr. ROOSEVELT. No, but that is my point.

Mr. DAUB. You are missing Mr. Archer's question. That is the reason I asked him to yield.

Mr. ARCHER. Well, I still believe that the terminology in your letter is not accurate.

Let me refer to another letter, and again I do not know how to identify it because it is not dated. But I will hold up the front page of it here so that you can see it.

And on page 3 of this letter it says—let me see how much of this I need to read to get it in context. I guess I have got to read this whole sentence. "The National Committee is a nonprofit, tax exempt organization comprised solely of concerned Americans like you who have invested a small amount"—and then this is the terminology that I want to ask you about—"to help block the rich and powerful forces who would destroy Social Security and Medicare."

And I would like for you to tell me what are the rich and powerful forces that would destroy Social Security and Medicare?

Mr. ROOSEVELT. Mr. Congressman, I would ask you to do something for me. Go back in your old files and dig out the campaign of 1936 and see what was said about Social Security, how it was a ripoff, how it was nothing but an idea to get socialism into the American system. And that has gone on and been continued since then in one form or another by the American Medical Association, which has tried to increase payments to doctors while cutting benefits to seniors. That is their immediate kick at the moment.

The Chamber of Commerce is distributing right at this very moment a proposal that the Social Security system should be turned into some form of IRA.

I am not saying you believe in any of this, but I am telling you who these forces are that we have got to be on guard against.

Mr. ARCHER. What is the rich and powerful force that is attempting to abolish Social Security?

Mr. ROOSEVELT. I do not know of any more rich or powerful than the American Medical Association——

Mr. ARCHER. They are trying to abolish Social Security? I have heard no presentation by them, Mr. Roosevelt.

Mr. ROOSEVELT. Well, they are much too clever to do that. They just want to call it an IRA.

Mr. ARCHER. The American Medical Association wants to abolish Social Security and create an IRA?

Mr. ROOSEVELT. That is the Chamber of Commerce. That is the Chamber of Commerce proposal, that the form of Social Security be changed to some form of IRA.

Mr. ARCHER. The Chamber of Commerce wants to abolish Social Security?

Mr. ROOSEVELT. And substitute a form of IRA.

Mr. ARCHER. I have never seen that. I think you are not accurate on that, Mr. Roosevelt.

Mr. ROOSEVELT. Well, may we try to get the evidence for you and submit it to you?

Mr. ARCHER. I would be happy to have it because I can tell you that I know of no rich and powerful forces that have ever contacted me to abolish Social Security and I am the ranking minority member of the Social Security Subcommittee.

Mr. **Roosevelt**. Don't you have a colleague by the name of Newt Gingrich?

Mr. **Archer**. What?

Mr. **Roosevelt**. Do you have a colleague by the name of Newt Gingrich?

Mr. **Archer**. Yes, we do. And I am sure he would be glad to know that he is rich and powerful. [Laughter.]

Mr. **Roosevelt**. Well, he is a candidate for President.

Mr. **Archer**. He is a candidate for President? This is a revelation.

Mr. **Roosevelt**. No, I'm sorry. He is not a candidate, but he is a gentleman who was widely quoted at the time when he did make the suggestion to turn the Social Security system into some form of voluntary system.

Mr. **Archer**. Mr. Roosevelt, I have exceeded my time, and I appreciate your generosity in responding to my questions.

And in behalf of my colleague, Mr. Crane, who is not here, Mr. Chairman, I would ask unanimous consent that he be permitted to submit questions in writing.

Chairman **Jacobs**. That has already been granted, Mr. Archer.

Mr. **Archer**. All right.

Chairman **Jacobs**. Mr. Pickle?

Mr. **Pickle**. Mr. Roosevelt, it is good to see you again.

Mr. **Roosevelt**. Mr. Pickle, nice to see you, sir.

Mr. **Pickle**. I remember when I first came to Congress, you had an office right across the hall.

Mr. **Roosevelt**. Yes, I did.

Mr. **Pickle**. You were a good neighbor and a good Congressman. It is good to see you again.

Mr. **Roosevelt**. Thank you, sir.

Mr. **Pickle**. I want to ask first before I start with the questions I have along the line that Mr. Archer has raised questions.

Do you or Mr. Wewer—do you do legal work for the Butcher-Forde advertising media?

Mr. **Wewer**. If your question is directed to me, my practice specializes in exempt organizations, and I have done some legal work for BFC. I am not their general counsel.

Mr. **Pickle**. But you do some work.

Mr. **Wewer**. Yes.

Mr. **Pickle**. I would like to know to the extent that you are doing it.

Mr. Roosevelt, do you do any work for Butcher-Forde?

Mr. **Roosevelt**. No, sir, I do not at this time.

Mr. **Pickle**. Are you, either one of you, on the board of directors or an officer in any way with Butcher-Forde?

Mr. **Roosevelt**. I am not, sir.

Mr. **Wewer**. Neither am I.

Mr. **Pickle**. Do you represent clients who do business with Butcher-Forde media directly or indirectly?

Mr. **Wewer**. I represent a number of other clients who do business with BFC, and I represent clients who do not do business with BFC.

Mr. PICKLE. Do you receive legal fees in any way from other organizations, directly or indirectly, that do business with Butcher-Forde and have remuneration from that?

Mr. WEWER. I am in private practice, and I receive fees from clients who are in the nonprofit business.

Mr. PICKLE. And I think it would be helpful that the committee know the extent of the representation——

Chairman JACOBS. Excuse me. If the gentleman will yield.

That was not an answer to his question. I think the question was, do you receive fees from any organization which deals with Butcher-Forde.

Mr. WEWER. I said, yes, I do. And I receive fees from organizations that do not as well.

Chairman JACOBS. The answer will be entered as yes.

Mr. PICKLE. We will have other questions along this line, but I wanted to establish that.

Now, let me go through some fundamental points, I am trying to understand about your organization. Mr. Roosevelt, perhaps you are the one who should try to address this.

Mr. ROOSEVELT. I will try to answer it.

Mr. PICKLE. Is the National Committee to Preserve Social Security and Medicare a 501(c)(3) organization?

Mr. ROOSEVELT. My counsel says it is (c)(4), not (c)(3), sir.

Mr. PICKLE. No, that was not my question. My question is, the National Committee to Preserve Social Security and Medicare, is that a (c)(3) or (c)(4)?

Mr. ROOSEVELT. Could I ask counsel to answer that?

Mr. PICKLE. Well, do you know?

Mr. ROOSEVELT. I do not know the difference between 3 and 4 to be honest with you.

Mr. PICKLE. You do not?

Mr. ROOSEVELT. No, sir.

Mr. PICKLE. That is rather shocking because it gets fundamentally what you do and what you legally can do. But you do not know which one you are.

Let me ask then. I will ask Mr. Wewer. Is it a 501(c)(3)?

Mr. WEWER. Congressman, there are two organizations. One is the National——

Mr. PICKLE. Mr. Wewer, I am not asking you that. I know that. We all know that.

The question first is, is the committee that you call National Committee to Preserve Social Security and Medicare—is that a 501(c)(3)?

Mr. WEWER. The organization that is making the mailings which are under review by this subcommittee is a 501(c)(4) organization.

Mr. PICKLE. You are not answering the question. I want to repeat it once more to you, and all you need is a yes or no because I am coming to the next point.

Is the committee that is called the National Committee to Preserve Social Security and Medicare a 501(c)(3) organization?

Mr. WEWER. The committee known as the National Committee to Preserve Social Security and Medicare incorporated by that name is exempt under section 501(c)(3).

Mr. **Pickle**. Then you are saying then that the National Committee to Preserve Social Security and Medicare is a 501(c)(3) organization.

Mr. **Wewer**. It is but it is not active.

Mr. **Pickle**. Well, now, let's see if it is not.

My next question is, is the National Committee to Preserve Social Security a 501(c)(4) organization, not "and Medicare," just the National Committee to Preserve Social Security?

Mr. **Wewer**. Yes.

Mr. **Pickle**. That is a (c)(4).

Mr. **Wewer**. That is a (c)(4).

Mr. **Pickle**. All right.

What is the mailing address of the—we will say the National Committee to Preserve Social Security?

Mr. **Wewer**. 1300 19th Street, Washington, D.C.

Mr. **Pickle**. What is the mailing address for the Committee to Preserve Social Security and Medicare.

Mr. **Wewer**. 1300 19th Street, Washington, D.C.

Mr. **Pickle**. You are using the same address, operating out of the same offices.

Mr. **Wewer**. Just as the Electronics Industry Association and the Electronics Industry Foundation both have the same address, and one is a (c)(3) and one is (c)(4).

Mr. **Pickle**. I am not trying to compare. I am just saying that you operate out of the same office.

Mr. **Wewer**. That is correct.

Mr. **Pickle**. Same address, and for all intents and purposes, it is the same two organizations. The public would assume that, would they not?

Mr. **Wewer**. Sure. As I said, the (c)(3) is not active.

Mr. **Pickle**. Well, let us see if it is not active. How much money was raised by the National Committee to Preserve Social Security and Medicare because that is the 501(c)(3)? How much did you raise in 1986?

Mr. **Wewer**. Zero.

Mr. **Pickle**. Zero.

Mr. **Wewer**. Zero.

Mr. **Pickle**. No money at all from the 501(c)(3) in 1986.

Mr. **Wewer**. From the 501(c)(3) in any year.

Mr. **Pickle**. Zero.

Well, then it follows then, how much money was raised by the National Committee to Preserve Social Security, the (c)(4), in 1986?

Mr. **Wewer**. About $29 million.

Mr. **Pickle**. Well, then you say the (c)(3) then is inactive, and all the money is in the (c)(4).

Mr. **Wewer**. That is correct, Congressman.

Mr. **Pickle**. I wrote to Mr. Roosevelt—Jim, I hope you can remember this—back in 1984 about your organization trying to understand about the operation. And in your letter to me you indicated that the National Committee to Preserve Social Security and Medicare—that is the 501(c)(3)—had authorized the National Committee to Preserve Social Security, the 501(c)(4), to use its name. That is your phrase to me, "to use its name."

Does your 501(c)(4) still use the name of the 501(c)(3), Mr. Roosevelt?

Mr. ROOSEVELT. The answer is yes, sir.

Mr. PICKLE. So, you use the same name. So, does it matter then to you whether you were sending out mailings under the (c)(3) or (c)(4) label? Can you just simply use one or the other as you wish?

Mr. ROOSEVELT. Counsel tells me that (c)(3) we do not use because of certain limitations under the Lobbying Act which make it inadvisable without crossing the line to use them.

Mr. PICKLE. Well, you use the same name. And it would seem to me outrageous that if you just take the funds from one or the other and just use the same name that you authorized to do it, and that you operate under the (c)(4) aegis now, but the (c)(3) is inactive. To me that is outrageous.

Let me quote you, Mr. Roosevelt. Here is a letter——

Mr. ROOSEVELT. Why is it outrageous?

Mr. PICKLE. Sir?

Mr. ROOSEVELT. Why is it outrageous?

Mr. PICKLE. Well, if one organization can simply use the other's name, then there is no need to have one or the other. Why both? Why do you have both?

Mr. Wewer, maybe you ought to—Mr. Roosevelt does not understand the difference apparently. Perhaps you want to comment to it. Why do you use both?

Mr. WEWER. Congressman, when we created the (c)(3) back in 1984, whatever year it was, we anticipated possibly involving ourself in foundation type activities for which the (c)(3) would be the appropriate organization. Since then, however, we concluded that we should spend all of our efforts on grassroots lobbying, and so we have not used the (c)(3). It is an anachronism. It is an appendix.

Mr. PICKLE. Well, it is an anachronism, but you had your (c)(4), and then you applied for a (c)(3). And you state—Mr. Roosevelt stated in his letter to me that "We wanted permission to use the more inclusive name pending determination of the (c)(3). We understand from the revenue agent processing the case that such status would be granted shortly. Upon the granting of (c)(3) status, most of the activities of the National Committee will be transferred to the (c)(3). Therefore, contribution to the (c)(3) organization will be tax deductible to the donor."

So, I am asking you, if all your activities were transferred over to the (c)(3), and is it tax deductible? And yet, you say it is dormant and it is not active. Now, which is it?

Mr. WEWER. Congressman, after that letter and upon our further review of the 501(h) criteria for lobbying expenditures, we concluded that it would be inadvisable for a grassroots lobby organization to function as a (c)(3), and so we did not make that transfer. I apologize to you for our not having written you to advise you of that.

Mr. PICKLE. Then it is not inactive then. The (c)(3) is not really inactive.

Now, the staff tells me that all of the money that you got in under the (c)(3) was transferred to the (c)(4) and none into the (c)(3).

Mr. WEWER. It was never transferred. It came into the (c)(4) and it stayed in the (c)(4).

Mr. PICKLE. Came in directly to the (c)(4), all right.

Now, let me go with my question here. I have your newsletter here. Now, here is your newsletter here in which you have the list of candidates you support and the activities.

Now, you put out a solicitation—not only a newsletter, but a solicitation. Now, here is your business reply card that you put out with your solicitation. You have seen that. You have seen the card. And this is addressed to the National Committee to Preserve Social Security and Medicare. Now, that is a (c)(3) organization, so it is to be mailed in to the (c)(3). All the money comes in to the (c)(3). That is what you say on your envelope.

Now, you turn to the back, the flip side, and it says, the National Committee to Preserve Social Security and Medicare, the (c)(3). You are asking them to send money in to the (c)(3). And yet, down here on the very bottom on the back of the envelope, you say this is prepared exclusively for the National Committee to Preserve Social Security, a (c)(4).

Now, which is it? You are fooling the public by putting a mailing piece in that is tax exempt under the (c)(3), and to make contributions. But you try to protect yourself apparently by saying it goes to the (c)(4), and all the money goes to the (c)(4). And yet, it, the (c)(4), is not tax deductible.

Are the donors taking a donation for this contribution?

Mr. WEWER. Congressman, we have been accused of a lot of things, and some more than others. But I can absolutely assure you that there has never been any—that has never even entered our minds. And this is the first that I have thought of this.

Congressman, if it would clear matters up, we have never made any use of the (c)(3). I am sure that the board would have no problem at all in disbanding the (c)(3) and publishing notices for anyone who has been confused——

Mr. PICKLE. Well, you need one or the other, wouldn't you say?

Mr. WEWER. We need one or the other. We cannot—in my judgment we cannot use a (c)(3) given the amount of grassroots legislative activities we do. We are going to use the (c)(4). We do not need the (c)(3). We will be glad to disincorporate the (c)(3) if you would like.

Mr. PICKLE. Do people who are making contributions now take a deduction for that $10 or that $15, that $25 or a $75 check that you put in?

Mr. WEWER. They cannot take a deduction. And those——

Mr. PICKLE. But you say it is a tax deductible organization. You make that clear in all your mailings. And yet, they cannot do that.

Mr. WEWER. I believe, Congressman, if you go back and take a look, we say we are a nonprofit, tax exempt organization, but not a tax deductible organization. And anyone who contacts us by phone or letter with that question is advised that they cannot take a deduction for it.

Mr. PICKLE. I submit to this committee that the person who makes a contribution, whether it is in the $10 category or a $100 category, assumes that this is a tax exempt organization and that they can deduct that donation, and that you cannot—you do not distinguish between them. That question is not touched upon. You applied for a (c)(3), and you said that it is now dormant. And yet, it was the main motivating force until you decided you did not want to enter into foundations for whatever reason. And now, you have got the (c)(4). It just seems to me like you are misleading the public as to whom they are giving, and whether it is tax deductible or not.

Let me ask you. What organization, the (c)(3) or (c)(4), pays for the distribution of your newspaper?

Mr. WEWER. Congressman, as I said, every single thing that this organization does is paid for and conducted by the (c)(4).

Mr. PICKLE. All right. I notice on the—I guess you call it a masthead—that the (c)(4) is listed in there. But the return address is only for the 501(c)(3). Now, is that not misleading?

Mr. WEWER. Congressman, we make no claims that we are a (c)(3) organization.

Mr. PICKLE. Well, but you are. And you are both (c)(3) and (c)(4), and I submit to you, you are just deceiving the public.

Now, I am going to also say you are not the only organization perhaps doing this. And I do not say that you, this organization, is the worst organization in the country abusing the privilege of mailing for Social Security purposes. But you are one of the worst.

Mr. ROOSEVELT. If nothing else comes out of this hearing, I am going to——

Mr. PICKLE. We will have a contest sometime to see which is the most abusive. But——

Mr. ROOSEVELT. Well, I hope the rest of them that you think will do what I am about to do, which is to say, we appreciate that you brought something to our attention, which I would say slipped into the crack. And all I can say to you is we will clear it up and clear it up completely as——

Mr. PICKLE. But none of you know then whether the person who makes a contribution for the $10 membership or the higher, whether they ask for a tax deduction or not.

Mr. WEWER. What we know is that if anybody asks us if they can deduct, we tell them they cannot. And I might point out that every other senior——

Mr. PICKLE. Do you put that in any of your publications that they cannot take this as a tax deduction?

Mr. WEWER. I know for a fact we have written a number of letters, and we——

Mr. PICKLE. No, no. That is not my question.

Have you said out front, just bold before God and before the American public, you cannot make a tax deduction out of this contribution?

Mr. ROOSEVELT. I do not think it ever occurred to us.

Mr. WEWER. I do not think it did either. But I will tell you this. I will research and see if we did, and whether we have or not, we will make sure. Congressman, I think it is an outstanding suggestion that future mailings by us do that. And we would certainly call on the other aging organizations who are also (c)(4)s——

Mr. PICKLE. Well, what would happen if the donor would ask the IRS if you had received a tax deduction?

Mr. WEWER. I think, Congressman, you have made an excellent point. I assure you that it never occurred to us—this was not the intent of our creating the (c)(3). However, it is very true if a donor asks the IRS if an organization by this name has (c)(3) status, they would be told yes.

Mr. **Pickle**. Well, I make the point——

Mr. **Wewer**. And that must be cured. That problem must be cured.

Mr. **Pickle**. When you deal in the 501(c)(3)'s or (4) or (h)'s or other categories—there are 25 different categories—it is very difficult to know who is doing what to whom and with which. And the public is very confused, and we are going to hope in this committee to oversee to try to examine this question further.

And I submit that you are not the only organization that is doing this. But I think it is deceiving. The public does not know, and it is misleading. And I think it is something we ought to look at further.

I am not going to go into the questions that have been pursued by the committee because my time will soon be up. But I know that other questions have been asked. We are in the field of sticky wicket type of controversy. And it is hard to know who can do what. We are going to try to clear some of these up.

In the meanwhile, I hope we can through this hearing sound, declare and call to organizations throughout the country that we are going to find what is underneath those skirts. And we are going to try to find out who is doing what.

And you are not to be excluded. And I think you ought to be more forthright when you say the (c)(3) is not active. If it is not active, you ought to get rid of it, and you ought to make it plain to your donors that they cannot take a tax deduction. And I do not think they know that now.

Mr. **Wewer**. Congressman, we applaud your efforts to find out what are under the skirts. And we applaud the bills that we understand are being submitted by Congressmen Wise and Boehlert to require organizations such as ours and such as AARP and NCSC to make regular filings such as those which are made by the State regulatory agencies where we reveal for anyone who wants to check that contributions to us are not deductible.

I might note that of all the senior organizations, except for the NCOA, the National Committee is the only one which has made these type of filings with the State regulatory agencies. And I would look forward to Federal legislation that would require similar filings because we are already going to the trouble of doing it. And we would like to see our sister organizations do the same thing.

Mr. **Pickle**. Thank you, Mr. Chairman.

Chairman **Jacobs**. The Chair will take his turn.

Mr. Wewer, we have a report I guess from your organization, a Price Waterhouse report, that indicates that in 1985 about $1½ million was paid from the organization to organizations in which board members of your organization had interest. Is that correct?

Mr. **Wewer**. Yes, that is correct.

Chairman **Jacobs**. Is that right?

Mr. **Wewer**. It is right. And I will explain why.

Chairman **Jacobs**. Go ahead.

Mr. **Wewer**. Some of that money came to me for legal fees. Almost all of that money was paid to our caging vendor, Kelly Consultants. A caging—I know that Congressman Daub is an expert or at least knows the language, but for the edification of those who are not, caging is a direct mail term for a company which gets business reply envelopes, opens them up, types in who made the contributions, deposits the money in the bank.

Chairman JACOBS. Now, is the Kelly organization the only one that does that? Are there any other organizations that do that?

Mr. WEWER. Oh, there are hundreds of caging organizations.

Chairman JACOBS. But of all those organizations you chose to deal with the one in which one of your own board members had a financial interest?

Mr. WEWER. It was just the reverse, Mr. Chairman. The president of the Kelly organization is not a board member. She was an assistant treasurer of the National Committee. The only reason she was assistant treasurer is because she was the one that signs the checks and the bank required that an officer sign a check.

Chairman JACOBS. She was not an officer of your organization before the organization was—that organization was engaged by your organization?

Mr. WEWER. I am sorry. I did not hear your full question.

Chairman JACOBS. Was she a member or an officer of your organization before your organization engaged hers to contract and provide this service?

Mr. WEWER. No. We engaged her to provide caging services and bookkeeping services. Then the bank said that she had to be an officer of the corporation, so we made her an assistant treasurer. Having made her an assistant treasurer——

Chairman JACOBS. Well, that is all right. That is sufficient answer to the question. She was not a member of your board at the time or of your organization at the time your organization contracted hers.

Mr. WEWER. That is correct.

Chairman JACOBS. Now, do you recall what legal fees—the amount of legal fees paid to you were for the year 1984, calendar 1984?

Mr. WEWER. I do not recall, but we have made that information available to you in our submissions.

Chairman JACOBS. Let's take a guess at it.

Mr. WEWER. My recollection, it was on the same——

Chairman JACOBS. About the same.

Mr. WEWER. Generally legal fees have ranged from the order of $60,000 to $70,000 a year.

Chairman JACOBS. And for $60,000 or $70,000, sir, you were able to say that you wanted to take a different legal approach from the one of the suit that was rumored to be filed?

Mr. WEWER. That is the reason that we wanted to use—that I wanted to use outside litigation counsel because I am not the man to do that.

Chairman JACOBS. Why are you not the man to do that for $60,000 or $70,000? How complicated did that question turn out to be?

Mr. WEWER. It turned out to be fairly complicated. My expertise, Mr. Chairman, is not in litigation and not in these types of constitutional questions.

Chairman **Jacobs**. Yes, but this was a restraining order, wasn't it? Wasn't that what the AARP filed for? A restraining order to restrain the officials, the officers of the government, from disinvestment?

Mr. **Wewer**. And what we proposed to do instead was to make sure it would not happen again and to set up guidelines. And in order to do that, a restraining order deals with only one action. It does not deal with the situation——

Chairman **Jacobs**. What do you mean "set up guidelines"? You mean you were going to have a court do some legislating? I do not understand that.

Mr. **Wewer**. Well, that is what a declaratory judgment is, and that is the reason that we decided what we were really looking for was legislation, not litigation, which is why we then——

Chairman **Jacobs**. Why couldn't you have decided that simple question before you sent out your action-gram? It is not a very complicated thing, is it? A declaratory judgment versus a restraining order.

Mr. **Wewer**. And indeed, our action-gram makes reference first to legislative action, and only secondly to litigation——

Chairman **Jacobs**. I do not care if it makes reference to it on the hundredth item. The point is that it did talk of bringing legal action. And you are telling us that it is $70,000 a year. Is this the only fee you get? You get fees from—I think you said additional from other organizations that deal with this organization. Is that correct?

Mr. **Wewer**. I am in private practice.

Chairman **Jacobs**. Yes, right.

Mr. **Wewer**. Right.

Chairman **Jacobs**. So, you had to go and hire the other firm after you had raised the money just to tell you that an action for declaratory judgment would not be as effective as legislative action. What did they get paid to tell you that?

Mr. **Wewer**. I will come up with the exact figure. My recollection was that it was only on the order of $5,000 to $7,000.

Chairman **Jacobs**. It just cost $5,000 to $7,000 for someone to tell you that it is more effective to legislate than to try to go through a litigation and accomplish the same thing.

Mr. **Wewer**. Mr. Chairman, I will be glad to give you the billing that we had with the hourly records.

Chairman **Jacobs**. I am not talking about that. I mean, let's just take the figure $5,000. There is something inherently incredible, sir, about the notion that you needed to pay somebody $5,000 to find that out. I know it, and you know it. And practically everybody here during this crisis knew it. I have been on this subcommittee quite a while myself. I knew that. You knew that. Your lobbyist knew that. Mr. Corman knew that. But you paid somebody $5,000 to find out that it is more effective to legislate than to file a declaratory lawsuit.

Mr. **Wewer**. Well, Mr. Chairman, at a $100 an hour, which I am sure you would agree with me is a very low figure, particularly for firms like Williams & Connolly. We are talking about 50 hours of research. It was probably significantly less because I suspect we were paying more than the $100 an hour on balance.

Chairman Jacobs. Fifty hours of research to find out that legislation would be more effective than a declaratory judgment?

Mr. Wewer. Fifty hours of research to determine whether a declaratory judgment would be an advisable route to go.

Chairman Jacobs. Answer my question, not the one you wish I had asked.

Mr. Wewer. The question—Mr. Chairman, the question that we put to the firm was: Is there room for a declaratory judgment in this matter?

Chairman Jacobs. Was it? I thought it was to determine whether a declaratory judgment or legislation would be more effective.

Mr. Wewer. The question I put to them was: Can a declaratory judgment be brought? We made the judgment as to whether or not it should be brought. The answer was a declaratory judgment could be brought. However, its likelihood of success was very low. Its potential cost was very high. We certainly saw that in the research that led to that advice. And you can probably obtain the same results by going in for legislation, which we subsequently did.

Chairman Jacobs. And any fool knows that you could bring an action for a declaratory judgment. You knew that before you sent the letter out that you could bring the action. You did not tell the people you sent the letter to that you did not know whether such an action would be effective, did you, in your letter or whatever it was?

Mr. Wewer. We told people in our letter that we would press for legislative and litigative action, and we did, and we were successful on the Senate side, Mr. Chairman.

Chairman Jacobs. You pressed for an opinion as to whether you should take legal action. I will take the record as sufficient on the point.

Mr. Roosevelt, I have a very small number of questions for you.

When you appeared before the Medicare Subcommittee here, who was chairing the committee that day?

Mr. Roosevelt. You know, I am getting kind of old. I do not remember who was chairman of that committee.

Chairman Jacobs. Was it in 1984?

Mr. Roosevelt. 1983, I think. Was it 1984? September of 1984.

Chairman Jacobs. You would not forget me, would you? I was the chairman of the Medicare Subcommittee in 1984, and there was never a hearing held without my chairing it.

Mr. Roosevelt. I guess that is what triggered my mind about why I was glad to be back in Washington.

Chairman Jacobs. I guess it was, but you had forgotten me; did you not?

Mr. Roosevelt. Because I really forgot you were the chairman of the committee.

Chairman Jacobs. Did you suggest to the Butcher-Forde organization that this organization, this protect Social Security organization be formed, or did they suggest it to you?

Mr. Roosevelt. No, sir, I suggested it to them and——

Chairman Jacobs. You suggested it to them.

Mr. Roosevelt [continuing]. Asked them to tell me what they could do to be of assistance.

Chairman JACOBS. Mr. Roosevelt, in answer to another question as to where are the dark forces trying to pull down the Social Security system, you said that they began in 1936 and it persisted ever since.

Mr. ROOSEVELT. Well, it began before that, but they have never given up since 1936.

Chairman JACOBS. 1936 is what I said.

Mr. ROOSEVELT. Oh, I am sorry.

Chairman JACOBS. Since 1936, and they have persisted ever since. Why in 1983 did you finally decide that action needed to be taken like forming an organization if they had persisted since 1936? What occurred to make them more persistent?

Mr. ROOSEVELT. Well, I think they sensed that there might be an opportunity arisen that has not been—the climate has not been right, but maybe the climate was now changing that they had a better chance of success, they have never given up the main idea. They have given up on the timing at times, but——

Chairman JACOBS. Why was the climate better in 1983 for such an attack?

Mr. ROOSEVELT. I think it is better—they think it is better in 1986 and 1987.

For instance, former Governor Pete DuPont talks of turning this system into some form of IRA.

Chairman JACOBS. No, no, could we avoid what Wendell Wilkie called campaign oratory here for a minute and——

Mr. ROOSEVELT. I am not against any Republican.

Chairman JACOBS [continuing]. Go to the people who make the decisions, not the ex-governor of some state or not some fellow who uses special oratory—but the people who make the decision, what happened in 1983 to make you believe that not that the attacks were going to be made, but that they might be successful? What authority in Washington arose to give you that fear in 1983?

Mr. ROOSEVELT. Well, there were a number of things. The Social Security trust fund which had to be bailed out.

Chairman JACOBS. That was 1984.

Mr. ROOSEVELT. Well, but it was building in 1983 and some people——

Chairman JACOBS. Was it? We did not know anything about it until 48 hours before it was actually done. But you knew about it before?

Mr. ROOSEVELT. Well, I had heard frankly rumblings that something like this was in the air——

Chairman JACOBS. Well, you should have testified before us. We did not know anything about it on this committee in 1983.

Mr. ROOSEVELT. Well, you must have known about the 1983 amendments to the Social Security Act.

Chairman JACOBS. You mean 1982. You mean early retirement?

Mr. ROOSEVELT. No, the 1983 amendments.

Chairman JACOBS. Oh, you mean the bailout, the bailout business because of the recession and there was not enough money coming into the trust funds. Was that the great danger?

Mr. ROOSEVELT. That is right, and that was——

Chairman JACOBS. Or was that recession worse than the one, the depression back in 1936?

Mr. ROOSEVELT. Well, I do not think it was worse necessarily, but what I think it was, it showed a continued pattern with—and that the other side had not given up; that it was still fully in business.

Chairman JACOBS. But something must have happened, something must have happened; some change in the Congress, some change in the administration that made you believe that official Washington was receptive of the destruction of the Social Security system in 1983. What was it?

Mr. ROOSEVELT. I frankly—Mr. Chairman, I do not want to get into partisan politics, but I thought the Democratic Party was in disarray and———

Chairman JACOBS. Oh, you thought that the Reagan administration had come to town to save the Social Security system?

Mr. ROOSEVELT. Well, with one hand they would say we will not touch it. On the other hand they would be passing out propaganda to touch it and change it.

Chairman JACOBS. Well, you support their polices, do you not?

Mr. ROOSEVELT. No, many of them I do not support. I supported Mr. Reagan as an individual.

Chairman JACOBS. Oh, but there is a difference between him and his administration.

Mr. ROOSEVELT. Well, there is a difference with what they say with one mouth and what they say with the other mouth, yes, sir.

Chairman JACOBS. Well, his is the mouth that issues the orders, is it not?

Mr. ROOSEVELT. Well, with what I have been reading, I am not too sure of that. [Laughter.]

Chairman JACOBS. Constitutionally is that the case?

Mr. ROOSEVELT. Well, constitutionally, no, but nothing works according to the Constitution when we get a case like this.

Chairman JACOBS. OK. Now finally, which vote of which Member of Congress in this deadly threat to the Social Security Administration has your organization changed? Who? Who have you changed? Name me one.

Mr. ROOSEVELT. I have not made a survey of it.

Chairman JACOBS. Well, name one. This terrible threat. Did you change Mr. Gingrich? You mentioned him a minute ago.

Mr. ROOSEVELT. I frankly am not trying to change individuals. I have not been to see individuals saying I want to change your opinion. I would have to make a survey to see if there is anybody worthwhile going to see.

Chairman JACOBS. So, Jimmy, this is kind of a general threat, not a specific threat, is it not? I mean you do not know—the chairman of the Social Security Subcommittee, do you think he is an enemy or do you think he is about to scuttle the ship?

Mr. ROOSEVELT. No, I think on your side of the fence I am relatively secure, I hope.

Chairman JACOBS. Well, who is it on the other side of the fence who you have been able with all of this money you have amassed and all of this lobbying to change? Have you changed anybody?

Mr. ROOSEVELT. No, I have not tried to change anybody. I have tried to make a good lobbyist out of the rank and file of senior citizens.

Chairman JACOBS. Well, has that effort changed any vote in Congress that you know of?

Mr. ROOSEVELT. Oh, I think it has influenced a lot of people because—oh, I could give you——

Chairman JACOBS. Just one will do.

Mr. ROOSEVELT [continuing]. A lot of examples.

My own Congressman——

Chairman JACOBS. Yeah.

Mr. ROOSEVELT. From Newport Beach, Calif., says do not go——

Chairman JACOBS. Who is this?

Mr. ROOSEVELT. Mr. — what is his name?

Chairman JACOBS. Your own Congressman.

Mr. ROOSEVELT. Mr. Badham.

Chairman JACOBS. Badham, yes.

Mr. ROOSEVELT. He told me, he took me aside one day and he said your darn organization is causing me more trouble in my office. We have so many letters to answer. They all come voluntarily. They are written in longhand so they are obviously not dictated by just one source, and he was obviously very disturbed.

Chairman JACOBS. Well, that is true, but did you change his vote? Did he tell you I changed my mind because I got all these letters?

Mr. ROOSEVELT. No, but he softened his position considerably.

Chairman JACOBS. Well, what does that mean? Did he reverse his vote he cast before?

Mr. ROOSEVELT. No, he has not been so volatile about the fact that Social Security is a dead duck. We ought to do something about it.

Chairman JACOBS. But he has not changed a vote one way or another.

Mr. ROOSEVELT. Not yet, no. Not yet.

Chairman JACOBS. Not yet.

Mr. ROOSEVELT. I do not have much hope for him, but I would be glad to continue to work on him.

Chairman JACOBS. Well, in a box score for--how many millions have you raised and how many votes in Congress have you changed and how many votes in Congress did you need to change when the President proposed effectively to do away with early retirement in 1982 and before the proposal could even get to Capitol Hill, the U.S. Senate voted everybody to nothing against it?

Mr. ROOSEVELT. We did not need to change that vote obviously.

Chairman JACOBS. No, sir.

Mr. ROOSEVELT. We were delighted with it.

Chairman JACOBS. Did not need to change it. That is the biggest threat I know to the Social Security benefits that I have heard about lately.

Mr. ROOSEVELT. If you have got strength, you have got to continue to nourish it to conserve it, Mr. Chairman. We have the strength of the people behind it and I think by far the majority in Congress.

Chairman JACOBS. Well, now if your organization sent out letters you were going to protect the people in Indiana from polar bears, you would have had similar success, would you not?

Mr. ROOSEVELT. I am not sure I understood your question except——

Chairman JACOBS. Well, I do not know of anybody that has been bitten by a polar bear or squeezed by one in Indiana, and I did not know of anybody in Congress who was going to vote to abolish the Social Security system. So you would be equally successful according to what you say.

Mr. ROOSEVELT. The deceptive politician of course does not give his real purpose away sometimes if he wants to follow it out. And anybody running for office or in office, starting with the President, has not seen fit to take on the anti-Social Security position because—openly because that they know the people would not support, but they keep——

Chairman JACOBS. Well, they knew that before you came along. They did not change——

Mr. ROOSEVELT. No, but I want to have them continue to have that feeling.

Chairman JACOBS. Oh, you want Indiana to continue not to have polar bears then.

Mr. ROOSEVELT. That is right.

Chairman JACOBS. Okay. No further questions.

Mr. Hopkins from Kentucky would like to ask two questions.

Mr. HOPKINS. Mr. Chairman, thank you very much for allowing me to come before your subcommittee today. I am not a member of the committee. I am not a member of the subcommittee, ladies and gentlemen, so I appreciate the courtesy extended to me by the chairman and the other members of this subcommittee.

Mr. Roosevelt, let me, if I may, address my questions to you since I am going to talk to you briefly about a letter which bears your name and your signature. I must say to you that I find it somewhat discomforting for me personally to think that the name Roosevelt is synonymous to many of the senior citizens in this country with Social Security.

Your father said all we have to fear is fear itself. And I find you using fear to help yourself, and that disturbs me, Mr. Roosevelt.

In the vernacular, if you will, of today I must say in my view I think that what you are doing is nothing short of practicing, if you will, geriatric terrorism on the senior citizens of this country.

I would like to ask you, if I may, a couple of brief questions because your organization is, in my view, deluging elderly Americans with alarmist appeals for money that are cloaked in false warnings, in my view, about the imminent demise of Social Security, and some of my constituents have expressed reservations about your organization and questioned, frankly, the propriety of frightening them into making a contribution.

In a recent letter, Mr. Roosevelt, to my constituents you mentioned your organization's efforts to prevent a raid on the Social Security trust funds, and you pleaded for immediate funds to cover legal costs of a suit against the Treasury for a temporary disinvestment of the Social Security fund in November of 1985. You asked for money to cover the legal cost of a lawsuit.

Did you file a lawsuit, Mr. Roosevelt?

Mr. ROOSEVELT. Mr. Congressman, we have covered this very thoroughly before this committee.

Mr. **Hopkins**. I am sorry.

Mr. **Roosevelt**. I think before you came.

Mr. **Hopkins**. OK. Yes or no, did you not—did you or did you not file a lawsuit?

Mr. **Roosevelt**. We did not file a lawsuit on the advice of counsel that we had hired to give us advice. The money was raised not for filing a lawsuit alone, but it was included in a list of other things for which we would need money to properly take care of the problem.

Mr. **Hopkins**. Did you ever provide the Social Security Administration with a copy of your amicus brief as was requested?

Mr. **Roosevelt**. I would have to ask my general counsel whether he sent that or not.

Mr. **Wewer**. The only amicus brief that we have filed was in litigation in the chairman's district, as it turns out, where we filed—where we intervened or moved to intervene in litigation between AMA and HHS on the physician fee freeze. And we certainly distributed our briefs with respect to that to everyone who asked for it.

Given that we did not file litigation in the trust fund matter but went for legislation instead, there was no amicus brief to file.

Mr. **Hopkins**. Why did they ask for one?

Mr. **Wewer**. I have no idea why they asked for one, and I do not recall their asking for it, but I am sure that had we filed an amicus brief we certainly would have made it available. The fact that the Social Security Administration asks us to give them a copy of a brief does not mean that they are requiring us to go to the expense of filing that brief, and we decided that we should not make the expenditure.

Mr. **Hopkins**. Mr. Roosevelt, your letter asked my constituents to send you $50 to enhance their Social Security and Medicare benefits. I think this is somewhat misleading to senior citizens.

You used the terms "investments" and "Social Security safeguards," and then gimmicks, if you will, like sending my constituents a dollar to send back to you as a lure for them to send you their own money.

Why are you assigning my constituents computerized investment memorandum numbers, Mr. Roosevelt?

Mr. **Wewer**. The numbers that appear on those letters are numbers which allow our caging operation that we have discussed before to save us expense by keypunching in only those numbers, those numbers identify who the person is. By keypunching in the number instead of keypunching in the entire name and address, we save 30 or 40 keystrokes per letter and we are able to reduce the cost of caging.

So those numbers do serve a function.

Mr. **Hopkins**. Does it any way classify those people from a prospect to a suspect, if you will?

Mr. **Wewer**. I do not know what a suspect is, Congressman.

Mr. **Hopkins**. A suspect would be one, in my view, that is certainly better than a prospect when you are out attempting to raise money from individuals. A prospect is a broad list of names, if you will.

If you can then shorten that list down to a few select people, then you come up with a suspect over a prospect.

Do computerized lists help you in any way to do that?

Mr. **Wewer**. Obviously a computerized list that reflects persons who are concerned about saving the polar bears is not a list that we would use.

So to that extent we do not go out and use lists that have people that would have no interest. But the numbers that you are referring to serve no function other than to identify the name and address of the person returning the business reply, returning the petition, and allow us to get the name and address of that person without having to keypunch the entire name and address.

Mr. **Hopkins**. Mr. Roosevelt, how can you in good conscience accept a $50 contribution from a senior citizen knowing full well that many of our senior citizens have only 19 cents of each dollar left after meeting the basic cost of food, housing, care, transportation; how can you in good conscience do that?

Mr. **Roosevelt**. Well, Mr. Congressman, in good conscience I can certainly do it because, No. 1, there is no effort to coerce, no effort to make anybody feel they have to give. It is completely voluntary. In actuality I know from the figures the average contribution is somewhere around $14, I believe, per contributor. One out of four contributes. So they exercise their judgment. And I have such a great amount of faith in the senior citizen making his own decision, whether he can or whether he believes it is right, or useful, that I would not hesitate to tell him that, No. 1, I wanted to bypass him because I did not trust his judgment. No. 2, I think we have got evidence in the exercise of that judgment.

Mr. **Hopkins**. Let me ask you this. This is—is this your legal counsel here?

Mr. **Roosevelt**. Yes, this is my general counsel, Mr. Wewer.

Mr. **Hopkins**. I wonder, Mr. Roosevelt, if I might ask you if I were to recommend to my senior citizens, that when they hear from you the next time, and you enclose a self-addressed stamped envelope soliciting money from them, that instead of sending you the money they might send to you, at your expense, a list of questions that they would like to have answered before they consider investing in your organization. Would that in any way be illegal?

Mr. **Roosevelt**. I think that would be fine for you to do that if you would like to do that, sir. I see no objection to that at all.

Mr. **Hopkins**. All right, sir.

Mr. **Roosevelt**. In fact, I think it might hasten in sending me some money.

Mr. **Hopkins**. Sure. Until I think some of the tactics are changed, I want to be very clear with you, Mr. Roosevelt, that it would not be my intention to encourage that.

Mr. **Roosevelt**. I did not think it was but I was hopeful.

Mr. **Hopkins**. Yes, sir.

Mr. Chairman, I have a number of questions that I could ask but I do not want to impinge on my visitation here this afternoon. I appreciate the brief time that you have given me to be here.

I have tried to reach Mr. Roosevelt. I did hear from him. Thank you for your letter to me.

Chairman **Jacobs**. No, Roosevelt is dead, this is Roosevelt.

Mr. HOPKINS. Roosevelt, I am sorry. The wrong end of the family.

Thank you for writing me thanking me for my votes in the past as they relate to Social Security. I regret, however, that I do not agree with the tactics that your organization is using with our senior citizens.

Mr. ROOSEVELT. Well, that is certainly all right, Mr. Congressman, and I would respect you to the fullest. I would say to you it is very difficult to do anything in a way that satisfies everybody, but somewhere there is something right being done because we now have over 4 million members. I do not think you can kid 4 million people.

Mr. HOPKINS. Well, maybe you can when you use things like the congressional seal and it looks very, very congressional, and it looks very formal, when all you have in fact done to escape the law is to turn the head on the eagle from one side to the other.

Mr. ROOSEVELT. No, we asked whether that would be sufficient from the agency that administers those things and received an affirmative answer. You do not want to upset your mode of action if it is being successful any more than you have to.

Mr. HOPKINS. Did you explain that to the senior citizens in your solicitations as to what you had done?

Mr. ROOSEVELT. No, because they never raised it. That does not offend them to get a reminder of their American heritage.

Mr. WEWER. Could I make it absolutely plain. We submitted the revised form of what was originally the congressional seal—and, as you know, any former Member of Congress may use a congressional seal. There were questions raised about this by the Department of Justice.

Rather than go through a great brouhaha over whether it was more like the congressional seal or more like the Great Seal, we modified that seal. We submitted the proposed modification to the Department of Justice and asked if they would approve it. They said we do not approve or disapprove things. It is up to you to use it.

We have since used it for a number of years. We have just this year made a further change taking the eagle off altogether.

I just want to make sure that the record stands that nobody approved our use of the seal. They simply said they did not object to it.

Mr. HOPKINS. But it does look very official. Obviously that is why it is being used, and you——

Mr. ROOSEVELT. Mr. Chairman, may I just make one further comment on that question?

Chairman JACOBS. Yes, sir.

Mr. ROOSEVELT. It seems to me that this could all be solved, and I make it all in good faith, that there be an official Government envelope adopted. At the moment I am told there is no official Government envelope, although the color of the envelope that checks go out in from the Treasury is easily identifiable and has been copied, look alikes have been made across the line. I think if we could adopt an official Government envelope so that we had something to weigh against whether it was meant to fool people into thinking this was a Government letter coming to them or not, we would be making a step forward.

Chairman **Jacobs**. That might not be altogether practical when you consider congressional envelopes. I am not sure that they would be compatible with general Government, but it is a thought.

I am going to call on Mr. Daub to finish questioning, but just one technical point, Mr. Wewer.

Your IRS form 1985 shows—I mean the organization's form for 1985 shows legal fees in the amount of $197,548. What were the fees beyond the $60,000 or $70,000 that you, sir, receive for 1985?

Mr. **Wewer**. Well, they went to firms like Williams & Connolly that were involved in the trust funds matter. They went to firms——

Chairman **Jacobs**. Do you still employ them after you got your 50 hours out of them? The following year you employed them again?

Mr. **Wewer**. Yes, we continue—they are our litigating firm for matters of a Federal nature, Mr. Chairman. And, Mr. Chairman, when we litigated the matter, when we stepped into the matter of the AMA versus HHS, you may recall that we consulted with your office or Jim Corman consulted with your office for a recommendation of excellent counsel in your area because that was where the litigation was filed, and it required local counsel. We had no local counsel, the litigation was in Indiana. It is to counsel such as that to which other legal fees probably went to.

Chairman **Jacobs**. You mean when we submitted the names including Mrs. McCarty who was the former district attorney there?

Mr. **Wewer**. I believe so. I believe that was her name.

Chairman **Jacobs**. All right. Mr. Daub.

Mr. **Daub**. Thank you, Mr. Chairman.

What is the date of filing for the organization as a registered lobbyist?

Mr. **Wewer**. I suspect you have that information.

Mr. **Daub**. I do not have it. Now I have got a handwritten note here, and I want you to answer my question.

Mr. **Wewer**. Congressman, I know about when it was.

Mr. **Daub**. What date was it?

Mr. **Wewer**. Congressman, I will tell you about when it was and I will provide this committee with the exact date. I do not have those forms here. But I can tell you that it was either very early in 1984 or very late in 1983, and I believe it was early in 1984.

Mr. **Daub**. Anybody here know?

Ms. **Wise**. The first clerk's report was the second quarter of 1984.

Mr. **Daub**. Second quarter 1984.

When were you incorporated?

Mr. **Wewer**. We were incorporated in November of 1982, and commenced mailing activities in January of 1983.

Mr. **Daub**. The first mailing then by date would be for solicitation in January of 1983?

Mr. **Wewer**. That is correct.

Mr. **Daub**. And you did not register to lobby until some time in 1984. This is what I want you to furnish me for the record. I want to know how much money the committee or committees raised between the date that you incorporated and the date you mailed your first solicitation.

Now you may not have raised money for the organization by mail. I want to know if there were contributions, if there was capital formed, where the money came from to run the organization until you made your first mail solicitation.

Then I want to know how much money was raised between the first mail solicitation and the date you filed as a registered lobbyist on the Hill. Okay, that is the end of that one. I just want to know the facts.

Mr. **Wewer**. Congressman, may I make a request?

Mr. **Daub**. Yes.

Mr. **Wewer**. That you ask the same question as to how much money has been raised before registering the organization as a lobbyist of AARP, NCSC, and the National Alliance of Senior Citizens, none of which have ever registered as lobbyists.

Mr. **Daub**. I learned a long time ago, sir, not to try to defend myself by casting a stone in some other direction. Now I asked you for that information and I would appreciate it being promptly furnished to the committee.

Mr. **Wewer**. Very gladly, sir.

Mr. **Daub**. Now I want to be sure you know of the accuracy of my suggestions by referring you to, Mr. Roosevelt, your newsletter of May-June 1986 to page 12 in the upper left-hand corner, and I quote, "James Roosevelt presented the following testimony before the Health Subcommittee of the United States House of Representative's Committee on Ways and Means on March 6, 1986."

Going on to say, "My name is James Roosevelt and I am chairman of the committee, a grassroots lobbyist organization with over 2 million members."

I make the point that when I read this I thought to myself he did not present any testimony before our committee. And I called up to find out if I had been asleep at the switch. And I found out that subsequently written testimony had been filed.

Now all I am saying to you is I think it is true of all the members of the committee, we want you to exist, do your thing, but do not stonewall us on the political theory that it is time now to come clean and we will meet the committee and, you know, like Pogo said, we have met the enemy and it is us.

And do not try to cast a defense when in fact what everybody is trying to get you to understand is that either you, and if not you then all the people around you, deal in generalities. If you mean Mr. DuPont, say so in your mail. If you mean Mr. Gingrich, say so in your mail. If you mean President Reagan, say so in your mail.

Mr. **Roosevelt**. We should be——

Mr. **Daub**. Be specific, and then no one can accuse you or any other organization of aspersions, of inference, of innuendo, of the generalizations that indeed then lead us to the conclusions that you are scaring the hell out of people, old people, because you and I know, too, we agree, they get all sorts of mail, and it is a problem.

Now, indeed, if you want to serve the public good, and I think you do—I am going to take you at your word that is why you are here today—quit using a little checklist of things to defend against anticipated questions when all we are trying to say to you is, look, we do not like your tactics. We do not like the language you use.

We are not trying to take away your right to do what you are doing. In fact, I do not want us to overreact as a Congress to your kind of conduct. The last thing I hope we would do from all of this is to start to nail down things and try to micromanage private sector and direct mail organization for whatever cause.

But it is really important that you get the message. Do not try to get all the other groups out there to go do something you think we should do like the Government ought to solve this problem by going to one kind of official colored envelope as right as that might be. That begs the issue.

You do your thing right and bend over backward to avoid even the suspicion of impropriety and then we will not get exercised and the general public is not going to be so upset. You know yourself, as as former Member, we do not act unless we hear, and that is the business you are in of making sure we hear. We do not get upset unless our folks get upset.

We do get a little upset when we get the broad-brushed letters sent to us by people who get the solicitations, and we read that mail and we say he is referring to us, I think. And we did not do that, I think. And we do not quite know how to take it.

So it is difficult for us, too. We do not like to be doing this. We appreciate the purposes that you are trying to serve. I believe in PACs. I give to six a year. More power to you. I guess I might quibble if I wanted to about the orientation of the PAC and if you are truly a grassroots organization when you lobby.

I noticed in one of the recent letters how much praise you received from one particular party's leadership for the help you gave them in getting their candidates elected. It was published in your newspaper.

It suggests to those who benefit from your mailing and lobbying that it is a rather one-sided political orientation, but I know that is not how you would wish to cast your image, so I think that is kind of where I am coming from.

It is too long and too late, Mr. Chairman, for me to go beyond this. I am going to submit the seven questions I talked about a minute ago.

Did you ever let your membership know that you did not file a lawsuit? Did you ever write them, each one of those people that contributed to you and say, by the way, we wanted to be honest with you and tell you that we did not file that lawsuit and here is why? Or did you ever put a great big bold-faced ad in your newspaper with big letters so those old folks could read it who have trouble seeing, that said by the way, if you sent us money we wanted to tell you we did not file a lawsuit and here is why?

Mr. **Wewer**. Congressman, we have a regular column in our newspaper which lays out what we have done.

Mr. **Daub**. Was that in there somewhere and I missed it?

Mr. **Wewer**. I will be glad to go back and find out, Congressman. I do not know whether that was in there or not.

Mr. **Daub**. Do any of the four of you know? You run the organization. Did you ever put anything in there saying that we did not file that lawsuit and we are sorry we took your money?

Ms. NEAL. Congressman, it is my belief that we did, but because it was like about 2 years ago, I would have to go back and look at the newspapers which I will be more than happy to do.

Mr. DAUB. Well, I want you to know I read your newspaper.

Ms. NEAL. Good, good.

Mr. DAUB. You like that?

Ms. NEAL. Yes, I do.

Mr. DAUB. I understand that. Well, I read it because I have been tuned into it, and I look at it as a publication that I am reluctant to pick up every time it is in my in-box because I worry about what is in there. I worry about what my constituencies are going to have been told, not that they could not be told in an accurate way the problems.

And so you go back and read your newspaper if you do not remember during the last 2 years what may have been in there, and then you answer that as an eighth question, if you would, and I will make sure it is in it.

Did you ever tell your membership that their money, not one penny ever went for a brief to be filed in that action?

Now I think that it is a good and useful experience that on every solicitation you are now going to issue, you are now going to identify in some way like a political contribution. When I solicit, it says it is deductible or it is not deductible, or a part of the meal tickets you are buying to my fund raiser is not deductible and a part of it is. That would be very constructive. Legitimate organizations who fund raise do tell their people every time on their return mail, on their cards it is or it is not deductible. That is important. Maybe that is the useful part of this hearing.

Mr. Chairman, I want you to know that an organization that on May—in May and June of 1986, it said they had 2,000 members; that now in 1987 it has 4,000 members. Excuse me. It says here with 2 million active members, and now it has 4 million active members; has come a long way in a year. And while there may be times in the future that this organization and I can get along on issues, it is certainly important for me to say on the record that I will be watching you very carefully to see whether or not indeed the genuinely forthcoming impressions that you have tried to leave here today are the sincere and abiding results that will exist in your direct mailing, in your newsletters and in your membership activities in the future.

I will keep an open mind, I want to assure you, because I think it was courageous for you to be here today. And on that note, I want to end. I am glad you were here today and maybe this is the beginning of a better relationship between the Congress generally and your organization. We look forward to that.

Mr. HOPKINS. Would the gentleman yield briefly for a request?

Chairman JACOBS. I think we had better let Mr. Roosevelt——

Mr. ROOSEVELT. If I could, I would just like to thank Congressman Daub for what he said. I do not necessarily agree with every part of it.

Mr. DAUB. I understand that.

Mr. ROOSEVELT. But it is helpful, and it is useful, and one reason that we came was that I have told the staff and everybody we have been associated with we have made mistakes. We probably will make more. But we came to this hearing, and out of this discussion today several excellent thoughts have come and I think we can put them into action and let the members, the chairman and the members of the subcommittee have copies of what it is. It has energized us.

Mr. DAUB. Mr. Chairman, some of us are very well acquainted with direct mailing. We learn that in our business, and we are sensitive to it, and I understand how it works when you prospect and you identify and you mail and you target and you do all those things that are important. But you have got one heck of a market out there, a group of older people that are going to grow by 1 million a year.

Understand the ethical responsibility you have when you talk to those people through their mailbox.

Chairman JACOBS. Well, the Chair will observe for the record that the paper Mr. Daub held up just now heartens us all because there was a fear in Mr. Daub's comments that you might be partisan, and I notice that Senator Kasten was praised in your headline. So you must be improving some.

One more question?

Mr. HOPKINS. I asked if you would yield for a request, Mr. Chairman. I appreciate that.

Chairman JACOBS. Yes.

Mr. DAUB. I was speaking of their political action committee, Mr. Chairman.

Mr. HOPKINS. I wonder if I might ask if I could receive a copy of the questions not only that might be submitted, but the answers that might be supplied from Mr. Roosevelt's organization.

Chairman JACOBS. Yes, because they will be part of the record.

Mr. HOPKINS. My name is Larry Hopkins.

And in addition to that, if you do not mind, I would like for the record to show that I would like to submit some questions and I would appreciate your answers to those.

Chairman JACOBS. Okay.

Mr. ROOSEVELT. Well, Mr. Congressman, I would be delighted to do it.

Mr. HOPKINS. Thank you.

[Questions and answers follow:]

QUESTIONS FROM THE SUBCOMMITTEE ON SOCIAL SECURITY, COMMITTEE ON WAYS AND MEANS

Please provide us with the following:

Question 1. All records as to the exact date of the mailing of the Action-Gram of November, 1985, including verification from the post office of the precise dates of all drops of the Action-Gram.

Answer. On November 8, 1985, National Committee mailed its Urgent Action Gram about the Trust Fund raid. [The NCPSSM provided documents which showed that the Action Gram was mailed on November 8 through November 15, 1985.]

Question 2. The names of people affiliated with your organization who handled the dispatch of this mailing.

Answer. Butcher/Ford Consulting (BFC) is attempting to locate postal verification sheets and will send them on when they are received. Those who were involved in the actual writing of the Action Gram were James Roosevelt, Dick Sinnott, Bill Wewer, Bill Lessard, Ann Rowan, and myself [Landis Neal].

Question 3. Copies of all billings from Williams and Connolly and other law firms which gave the NCPSSM advice on the lawsuit to restore money to the social security trust fund as well as dated copies of the legal memorandums you received from these firms.

Answer. In view of the furor raised by the Urgent Action Gram, I think it is worth looking at the precise steps we said we would take in responding to the Midnight Raid crisis:

Our strategy was to (1) support legislative and legal action to restore all money taken from Social Security Trust Fund monies; (2) force government to repay all lost interest to trust fund; and (3) outlaw any future raids on Social Security Trust Fund. Legislative action appeared to be the most promising avenue and certainly fulfilled the promise we had made to our members. Congress, in fact, took legislative action in mid-December to restore all money and repay all lost interest.

On November 6, prior to the mailing, our General Counsel, Mr. Wewer, had spoken with Paul Marx, Esq. of the law firm Hoffstedler, Miller, Carlson and Beardsley, instructing them to initiate a lawsuit against the Treasury Secretary. Mr. Wewer was told that the firm would put the lawsuit through its internal conflicts process, and assuming that there was no conflict, proceed. Normally the conflicts review would take only a day or two; unfortunately, in this case, Hoffstedler/Miller did not notify Mr. Wewer until December 12th that they would not be available to take the case. At that point, Mr. Wewer immediately contacted our Washington, D.C., litigation counsel, Williams and Connolly. Williams and Connolly went to work promptly, producing the memoranda of December 18, 1985, January 9, 1986 and January 22, 1986, attached. By this time, the National Committee's legislative staff had drafted legislation that subsequently was introduced in both the House and Senate to prevent such an occurrence from ever happening again. Williams and Connolly finally advised us against proceeding with the lawsuit against the Treasury Secretary, because they felt the suit would be "mooted-out" by legislation, and as such, would be frivolous. They urged that we focus on legislation, which we did.

The Urgent Action Gram raised $600,019. The money was spent on consultation with Williams and Connolly, and to pay for legislative alerts and lobbying salaries to support the Trust Fund Safeguard Act which finally passed the Senate on August 9, 1986.

Further mailings dealing with the Trust Fund Safeguard Act were mailed on March 7, May 12, July 7, August 28 and November 14 of 1986, and on February 17 and April 21 of 1987. Copies of billings from Williams and Connolly totaling $5,408.50 are attached. Hoffstedler/Miller did not bill us.

[Attachments relating to question No. 3 follow:]

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* MEMBER PA BAR ON
** MEMBER OR BAR ON

December 18, 1985

William Lessard
National Committee To Preserve
  Social Security And Medicare
1300 19th Street, N.W.
Washington, D.C. 20036

Dear Mr. Lessard:

I have enclosed a copy of my memorandum on recent actions taken by the Secretary of the Treasury and affecting the Trust Funds. I am sure that you are already aware of much of the substantive information the memorandum contains, but a review of that information was necessary for us to get to the point where we could do some more creative research.

I suspect that the most interesting conclusion from your point of view is that recent legislation will not cure the conflict between the Secretary's duties as Secretary and as Managing Trustee of the Funds. See especially p. 8. We will consider various legal theories we might use to present this conflict to a court, and I will continue my research on the various legislative proposals currently under consideration.

Please call me after you have had time to review the memorandum.

Sincerely,

George Ellard

George Ellard

Enclosure

MEMORANDUM

TO: Richard Cooper
James Fuller

FROM: George Ellard

DATE: December 18, 1985

RE: Social Security Trust Funds - National Committee

This report is preliminary. I have been forced to rely for the most part on information provided by government officials about their own questionable activities. The memorandum also describes recently enacted legislation that is obscure on its face and whose meaning is opaque even to those who had a hand in drafting it.

The Trust Funds

There are two Social Security Trust Funds: the Federal Old Age And Survivors Insurance Trust Fund (OASI) and the Federal Disability Insurance Trust Fund (DI). At the beginning of each month, under a procedure known as the Normalized Tax Transfer (NTT), the Trust Funds receive a credit from Treasury equal to the Secretary's estimate of tax receipts (principally FICA) to be collected that month for deposit in the Funds. The transferred funds are normally invested in interest-bearing, specially issued government obligations maturing on the next June 30. These obligations are subject to the debt limit, 31 U.S.C. §3101, and are redeemed as necessary to honor checks issued to Trust Fund beneficiaries.[1/]

Normally, the first obligations redeemed are those maturing the following June 30, lowest interest rate first. If these obligations are insufficient to cover benefit payments, longer-term obligations (the result of past surpluses) maturing the next June 30 are redeemed, again lowest interest rate first, and so on.[2/] If the NTT exceeds current benefit payments, the Secretary of the Treasury, the Managing Trustee of the Funds, must invest the surplus in specially issued government securities.

The mechanism for investing Treasury transfers broke down in September, 1985. On September 3, the first working day of the month, Treasury transferred the full September NTT credit ($15.1 billion) to the Trust Funds. On that date, however, the principal amount of outstanding obligations reached the statutory limit of $1823.8 billion. As a result, Treasury did not (and could not) issue short-term securities in favor of the Funds.

[1/] Usually, about fifty percent of this debt is redeemed on the day the transfer is made. Thirty percent is redeemed on the fourth business day after transfer, and twenty on the fifth. Interest the Trust Funds receive as a result of being credited with total tax income at the beginning of each month, rather than on a daily-flow basis, is returned to Treasury.

[2/] Long-term investments are made each June 30. The proceeds of maturing investments are reinvested in obligations with maturities based on projected benefit payments. All obligations mature on June 30, but in different years. The interest rate on the obligation, no matter what the maturity date, is set by a statutory formula.

Securities were issued over the course of the month, although $3.1 billion credited to the Funds still had not been invested by September 30. Apparently, the NTT is simply a ledger item reflecting Treasury's obligation, for the Funds had to redeem longer-term securities to reimburse Treasury for payment of Trust Fund benefits during September. This redemption, by reducing the amount of outstanding debt, made it possible for Treasury to borrow funds for other purposes.[3/]

Again on October 1, Treasury did not issue securities for the benefit of the Funds, although the NTT was made on time. As benefit payments were made from Treasury reserves, securities held by the Funds were once again redeemed. At the end of October, approximately $15.9 billion due to the Trust Funds had not been invested.

In the beginning of November, Treasury's cash balances were so low that it could not avoid default simply by following the process implemented in September and October when cash balances were sufficient to permit payment of benefits before Trust Fund obligations had been redeemed. At the close of business on October 31, Treasury had $1.8 billion in cash at

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[3/] According to the Chief Actuary of the Social Security Administration, the NTT was not invested according to the regular schedule in October, 1984, again because of debt-ceiling problems. The Actuary believes the Trust Funds will eventually suffer approximately a $440 million loss in interest as a result of the 1984 redemption of long-term securities. A Deputy Assistant Secretary of the Treasury has referred (in testimony before a subcommittee of the Senate Finance Committee) to a 1979 GAO report to Congress about Trust Fund losses resulting from a 1978 debt limit impasse. Neither the legislation nor the suit on which I report later in this memorandum addresses the 1978 and 1984 losses.

hand, compared with a normal balance between $10 and $20 billion. The Department estimated that checks and electronic transfers that would be presented the next day for payment would exceed $10 billion, including $6.9 billion in Trust Fund benefit payments. Revenues to be received on November 1 were estimated at less than $3 billion.

Because of the cash crisis, Treasury adopted a procedure it refers to as the disinvestment of Trust Fund assets. Under normal circumstances, the Trust Fund would have redeemed short-term obligations (issued on the NTT credit) amounting to about $15 billion on November 1, 7 and 8 (about $6.9 billion on November 1, $4.8 billion on November 7, and $3.21 billion on November 8). Under the disinvestment program, redemption was accelerated in time and quantity, although in the end only $15 billion worth of debt was redeemed. On November 1, long-term obligations totalling $9.6 billion were redeemed; on November 4, $4.2 billion, and on November 8, $1.1 billion. Treasury also altered its normal way of choosing securities to redeem. To avoid the loss of high coupon obligations held by the Trust Funds, Treasury redeemed securities, lowest interest rate first, regardless of maturity date.

The effect of disinvestment and early redemption on the Trust Fund can be seen by examining the following chart. The figures come from Treasury reports.

TRUST FUND ASSETS

($ in billions)

	July 31	August 31	September 30	October 31
Long-term	36.244	34.436	27.535	22.642
Short-term	1.563	2.760	8.875	.321
Total Invested	37.807	37.196	36.410	22.963
Uninvested	.453	.160	3.077	15.877
Total	38.260	37.356	39.487	38.840

The government constantly emphasizes in press releases and committee testimony that the Fund is whole, but clearly its composition has changed. Investment -- both long and short-term -- has shrunken radically, and the uninvested portion of the NTT has increased correspondingly. Remember, the latter seems to be only a ledger item, in effect a broken promise by Treasury to purchase securities for the Fund.

In a report issued on December 16 by the Chairman of the House Ways and Means Subcommittee on Social Security, the GAO concludes that some of the Secretary's actions during the September-November 1985 debt crisis violated the Social Security Act, although "the Secretary [did not] act unreasonably given the extraordinary situation in which he was operating." The GAO report refers -- for the first time, I believe -- to similar actions in 1983, _see also_ note 3 _supra_, but finds no precedent for the accelerated November disinvestment. I learned about this report today and have not yet secured a copy.

LOSSES

Government officials assert that Congress' failure to pass a higher debt ceiling and the Secretary's restructuring of the November redemption schedule could result in three kinds of losses to the Trust Funds: 1) losses due to the delayed investment of NTT, 2) losses due to the acceleration of the November redemption, and 3) losses due to the premature redemption of obligations maturing after June 30, 1986.

1. Under the NTT program, anticipated receipts are credited on the first business day of each month and invested in short term securities. Interest on the latter must be repaid to Treasury. The usual procedure is to reduce the interest otherwise due the Trust Funds semi-annually on long-term obligations by the amount of interest earned on short-term securities. Treasury has promised to use this interest-netting mechanism to make the Trust Funds whole for loss of interest due to Treasury's inability to invest the NTT fully. (This promise and the possible loss make sense to me only by assuming that the NTT in the months in question exceeded benefit payments).

2. Because of the cash shortage at the end of October, Treasury redeemed long-term holdings of the Trust Funds even earlier than it would have under the procedure adopted because of Congress' failure to raise the debt-ceiling. Treasury estimates the loss to the Funds at $9-10 million, a loss it does not have authority to make good.

3. The effect on the Trust Funds of premature redemption of securities maturing after June 30, 1986 is uncertain and likely

to be different for each fund. Although the OASI obligations redeemed carried interest rates slightly higher than the current statutory investment rate, obligations redeemed by DI in November bore rates lower than the current rate. Treasury's authority to issue debt to the Trust Funds is limited to special investments at the interest rate specified in § 201 of the Social Security Act[4/] or, if the Secretary makes a public interest determination, to marketable obligations at current interest rates. Treasury does not have the authority to reissue the redeemed longer-term special securities at the interest rate they carried or transfer revenues to the Trust Funds to compensate for interest not earned during the period between redemption and the issuance of new debt.

Recent Legislation

On November 14, H.R. 3721 became law, and the Secretary was required, in the words of the bill, to restore to the Trust Fund all securities disinvested since September 30.[5/] The Act does not order restoration of interest lost through disinvestment, which is defined as "the redemption of securities which would not have occurred to meet the ordinary needs of the trust funds unaffected by the

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[4/] That rate is the average market yield on all marketable interest-bearing obligations of the United States.

[5/] Another bill, H.R. 3738, was introduced on November 13 and would prohibit the Secretary from using Trust Fund assets for any purpose other than paying Fund beneficiaries. No action has been reported on the measure. Representatives Archer and Daub have introduced a bill designed to prevent a repetition of the Secretary's response to the November crisis by forcing him to report to the Congress fifteen days in advance of any moves to circumvent the debt-ceiling. N.Y. Times, Nov. 17, 1985, §1 at 28, col. 1.

constraint of the debt limits." 131 Cong. Rec. H10146 (daily ed. Nov. 13, 1985). The intent of the Committee on Ways and Means, which reported the bill to the House, is that securities be issued with "identical amounts, maturities and investment yield of the disinvested securities." Id.

The legislation to which the Gramm-Rudman-Hollings deficit reduction program is attached (P.L. 99-177, H.J. Res. 372) -- and particularly § 261 and 272 of the Act -- also affects the Trust Funds, although not in the way I reported yesterday. I speculated that the provision exempting the Funds "from any general budget limitation imposed by statute on . . . net lending (budget outlays) of the United States Government" removed Fund securities from the restraints imposed by the debt-ceiling, thus making it impossible for the Secretary to claim that the ceiling precludes the issuance of securities in favor of the Fund. Treasury's Office of the Fiscal Assistant Secretary disconfirmed that reading and explained that the provision makes Social Security an "off-budget agency," thus exempting it from the Gramm-Rudman deficit reduction measures.6/

The Gramm-Rudman legislation does preclude payments from the Funds to the general fund of the Treasury (and vice versa). The Secretary is required to issue to the benefit of the Fund obligations of like interest rate and maturity to replace obligations redeemed between September 1 and 29 and which would not

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6/ The official with whom I spoke (Mary Ellen Stroop (566-2973)) explained that Paul Volker, then an official at Treasury, unsuccessfully proposed to Congress in the 1960's that Trust Fund special issues be excluded from the debt-ceiling calculation.

have been redeemed had the legislation been in effect on August 1. He must also pay into the Fund an amount equivalent to the interest lost through noninvestment, disinvestment, and premature redemption from September 1 through December 12.

The AARP Suit

In its amended complaint, AARP alleges that the Secretary violated 42 U.S.C. § 401 in September, October, November, and December, 1985. That provision calls on the Secretary to transfer at the beginning of the month the estimated amount of relevant employment taxes to be collected during the month. In effect, AARP challenges the legality of the NTT mechanism and complains about the loss of interest that would have been earned, had the NTT been turned into securities and had long-term Fund obligations not been liquidated. AARP also asserts that the Secretary has breached his fiduciary duties as Managing Trustee of the Fund through disinvestment, early redemption, and the NTT freeze. The complaint seeks temporary and permanent injunctive relief requiring the Secretary to make the December transfer (and generally to fulfill his fiduciary duties) and barring the sale of long-term Trust Fund obligations other than as required to pay benefits. The plaintiffs would also have the Secretary restore lost interest and assets to the Fund. His actions are described as an attempt to use the Trust Fund to pay the general obligations of the United States.

AARP is joined in the suit by several former trustees of the Fund, former Commissioners of Social Security, several members of the House, and two Senators. In addition to James Baker, the plaintiffs sue Margaret Heckler, William Brock, and two other Fund trustees. The complaint seems well-done. It is terse, but general enough to cover the various kinds of harm the Fund may have suffered through the Secretary's recent machinations.

Conclusion

The AARP suit does not seem to have been mooted by recently passed legislation, although it may become moot should Congress pass other bills under consideration. Gramm-Rudman seems to compensate the Trust Funds for interest lost through premature redemption and the like up to December 12. Although the Act calls for the issuance of new securities to replace the long-term obligations redeemed between September 1 and 29, it seems to be silent about redemption in any other period. H.R. 3721 requires restoration of all securities disinvested since September 30. The Act does not make clear whether that mandate is continuing or covers only the period up to the bill's passage on November 14. Neither Gramm-Rudman nor H.R. 3721 provides the kind of declarations AARP is seeking in its prayer for injunctive relief or through its claim that the NTT is illegal.

The AARP complaint is incomplete in that it does not refer to instances of manipulation of the Funds by the Secretary before 1985.

Many bills have been introduced recently in response to the Secretary's actions, probably more than the several proposals to which I have referred. I will investigate further.

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* MEMBER PA BAR ONLY
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January 22, 1986

William Wewer, Esquire
1300 Nineteenth St., N.W.
Suite 310
Washington, D.C. 20036

Dear Bill:

I write to expand on our telephone conversation of January 14 and to explain further our reasons for concluding that a second suit against the Secretary of the Treasury could not justifiably raise issues outside the broad scope of the pending suit, and that a legislative solution to the problems besetting the Trust Funds is more promising than a judicial one. Since we sent you our first report on the Secretary's manipulation of the Funds, George Ellard has continued his research. I enclose a copy of his second memorandum on the subject.

We had contemplated seeking an injunction requiring that the Secretary recuse himself as Managing Trustee of the Funds when faced with circumstances like those we have been studying. The AARP complaint, however, speaks broadly enough in its prayer for relief to cover the kind of injunction we might seek. Thus, our suit would be duplicative and, indeed, would seek less effective relief than does the AARP complaint, which asks that the Secretary be affirmatively ordered to fulfill his statutory and fiduciary duties to the Trust Funds.

Insofar as AARP seeks retrospective relief (i.e., damages for the Funds), its claim appears moot in that recently enacted legislation seems to make the Funds whole for whatever damage they may have suffered in September, 1984 and since September, 1985. The effect of that legislation is described on pages 5-6 of George's second memorandum. If the National

Committee's staff knows of other losses, our assessment that the AARP suit has apparently become moot might, of course, change. We have been advised by a staff member of the Subcommittee on Social Security of the House Committee on Ways and Means that the recent legislation does indeed make the Funds whole.

Neither the new legislation nor the AARP suit touches upon the earlier manipulations to which George refers in the second memorandum, manipulations that apparently led to no losses. Again, if the National Committee has information about these earlier events that contradicts this assessment, we would have to reconsider the viability of a second suit.

Finally, insofar as AARP seeks prospective relief, its claim may become moot through the passage of legislation now being considered by the Subcommittee on Social Security.

We believe that the interests the National Committee represents would be best served by concentrating its energy on the pending legislative efforts to achieve reform. Those efforts are likely to be more comprehensive and more successful than the AARP lawsuit. In fact, one might anticipate that a court would conclude (as did the GAO) that the Secretary acted reasonably in choosing to obey one law over another, thus arguably avoiding default by the federal government. We do not share that view, but believe it points to a potential weakness in the AARP lawsuit. In light of the apparent willingness of the Congress to protect Social Security recipients, we have come to believe that the most effective means to guarantee that the Funds are protected in the future is legislative reform. We would, of course, be happy to help in any way we can in that endeavor.

Sincerely,

Richard M. Cooper

Enclosure

MEMORANDUM

TO: Richard M. Cooper
James Fuller

FROM: George Ellard

DATE: January 9, 1986

RE: Social Security Trust Funds - National Committee

I have done further research with an eye toward seeking a court order mandating that the Secretary recuse himself when faced with a conflict between his duty as Managing Trustee and his duty as Secretary. In the first part of this memorandum, I will describe some of the difficulties we would face in bringing a suit to obtain such relief; in the second, I will briefly describe materials I have uncovered (since my first memorandum) that deal with disinvestment of the Trust Funds.

I. The Secretary's Duties

Although AARP charges in its complaint that the Secretary breached both statutory and fiduciary duties, I suspect that the second claim cannot be maintained independently of the first.

The duties of the Trust Funds' Board of Trustees and Managing Trustee are specified principally in 42 U.S.C. § 401(c)-(g). AARP charges that the Managing Trustee and the Board violated one after another statutory duty. In addition, AARP maintains that the Trustees violated their fiduciary obligations to the Funds. One must question whether the plaintiff can continue to maintain the latter claim, if that claim is based on the notion that the Trustees have general fiduciary duties over and above the duties specified by statute. According to 42 U.S.C. § 401(c), "[a] person serving on the Board of Trustees shall not be considered a fiduciary," that is, in my mind, the Trustees' duty to Trust Fund beneficiaries is simply that which has been specified by statute.

The legislative history of § 401(c) is sparse, but does report that the section of the bill that became § 401(c) would add two public members to the Board and that the "[p]ublic members shall not be considered fiduciaries." S. Rep. No. 23, 98th Cong., 1st Sess. 9, reprinted in 1983 U.S. Code Cong. & Ad. News 143, 151 (emphasis added). To claim successfully that the Secretary has a fiduciary duty to recuse in the circumstances we have been studying, we would have to argue that this snippet of legislative history shows that the clause in § 401(c) relieving trustees of general fiduciary duties refers only to the public members of the Board. In the alternative, we could argue that the special duties imposed on the Managing Trustee effectively convert him into a fiduciary, in spite of the clear words of the statute.

I have not found any reported cases that truly parallel ours. Most decisions regarding the liability of public officers for losses to public funds are grounded in state law and hold that public officers are bound to even stricter obligations than are fiduciaries handling private funds. The only federal decision I have found (easily distinguishable on the facts from our case) holds that federal officers are liable as bailees for losses to public funds entrusted to them, that is, that the standard of care is less demanding than that imposed on a fiduciary. United States v. Thomas, 82 U.S. (15 Wall.) 337 (1872). Thomas also declares that a statutory description of a public officer's duties will stand in place of those duties imposed by common law.

II. Government Analyses Of Disinvestment

Special Analysis E in the Budget of the United States Government for FY 1986 contains some information about earlier manipulations of the Trust Funds akin to the 1985 maneuvers.

A credit of $15.4 billion was made from the general fund to the trust funds on September 30, 1984 "to finance the current year's costs of unfunded liability" (E-20). About $11.8 billion was not invested immediately (because the amount of federal debt was close to the statutory limit) and was not fully invested until the limit was raised on October 13.

Special Analysis E reports (without explanation) that the trust funds did not lose interest, at least in October, 1984, as a result of non-investment (E-29), presumably because of the interest netting mechanism to which I referred in my last memorandum.[1]

At the beginning of November, 1983, Treasury invested only $4 billion of the $13 billion NTT credit that should have been invested on the first, although the full amount was invested within "a few days" (E-28). Treasury likewise failed to invest the full amount of the anticipated trust fund receipts on the first day of May, June, and July, 1984.[2]

Since my last memorandum, the Subcommittee On Social Security Of The Committee On Ways And Means has published a report on the "Disinvestment Of The Social Security Trust Funds To Finance The Public Debt." Appended to the report are analyses by the GAO and the Congressional Research Service (CRS). The report provides data I did not have when I wrote my first memorandum, although nothing has surfaced that would make me question the truth of my initial conclusions. The staff report concludes that Treasury's actions in the latter part of 1985 amounted to a scheme "by which social security payroll taxes [were] used to finance general government expenses, contrary to the intent of Congress" and the terms of the Social Security Act (10). The GAO concludes that, although disinvestment may have violated the Act, the Secretary acted reasonably, "given the extraordinary situation in which he was operating" (38).

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[1] This report may contradict the conclusion of the Chief Actuary, see my December 18 memorandum at 3, n.3, that the Funds will eventually suffer an approximate loss of $450 million in interest because of 1984 redemptions. The disparity seems unimportant given the curative components of Gramm/Rudman mentioned in my first memorandum and repeated later on in this report.

[2] In my first memorandum, I incorrectly reported that the AARP complaint does not refer to Fund manipulations before 1985. Paragraph 28 refers to redemption of long-term securities in October, 1984.

The Subcommittee and the CRS reports conclude that the Managing Trustee cannot be held liable as a fiduciary for actions adversely affecting the Trust Funds, although his duties are akin to those of a fiduciary.

A member of the staff reports that the Subcommittee is drafting legislation to prevent the kind of Trust Fund manipulations we are investigating.

III. The AARP Suit

I have come to doubt my initial conclusion that the AARP suit has not become moot as a result of recently enacted legislation. As reported in my last memorandum, H.R. 3721 and Gramm/Rudman together:

1.) preclude payments from the Trust Funds to the General Funds;

2.) restore securities redeemed between September 1 and 29, 1985 that would not have been redeemed had the debt-ceiling been higher;

3.) restore all securities disinvested since September 30, 1985; and

4.) reimburse the fund for interest lost through premature redemption between September 1 and December 12, 1985,

Upon re-reading Gramm/Rudman, I discovered that § 272 (d)(2) orders that the Secretary:

5.) pay into the Funds an amount equal to the interest lost through premature redemption between September 1 and October 31, 1984.

The Subcommittee staff has confirmed my conclusion that the recently enacted legislation makes the Funds whole for whatever losses they suffered through disinvestment since September 1, 1984.[3] This should effectively moot the AARP suit. The complaint does seek equitable relief that the recent legislation does not provide, but this points up a problem associated with our seeking an order requiring the Secretary to recuse when faced with a conflict of the sort we have examined. AARP seeks (among other remedies) affirmative, equitable relief, an order requiring that the Secretary actually invest the NTT and discharge his statutory (and fiduciary) duties. For obvious reasons, this kind of relief is preferable to a recusal order and, in so far as it simply calls on the Secretary to obey the law, should be easier to obtain.

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[3] Neither the AARP complaint, nor the recent legislation mentioned the Secretary's failure to invest the full NTT on the first days of November, 1983 and May, June, and July, 1984. If as reported above for November, the NTT was converted into securities within "a few days" of its having been credited in May, June, and July, and if, as a result, no disinvestment occurred, the Funds need not have suffered a loss because interest earned on short-term certificates of indebtedness held by the Trust Funds is eventually credited to the general fund of the Treasury.

IV. Conclusion

We should be able to intervene in the AARP suit by seeking an order requiring that the Secretary recuse in certain circumstances, although, to maintain our suit, we would have to argue that the clear words of the statute defining the Trustees' duties as fiduciaries do not apply to the Secretary. This seems counterproductive, since the relief AARP seeks is really what we want and need. Especially if the AARP suit has been mooted, as it seems to have been (but for the fact that the problem about which AARP complains can reoccur), the battle to protect Trust Fund beneficiaries will be waged in hearings and the like before the Subcommittee On Social Security.

LAW OFFICES
WILLIAMS & CONNOLLY
HILL BUILDING
839 SEVENTEENTH STREET, N.W.
WASHINGTON, D.C. 20006

March 11, 1986

National Committee to Preserve
Social Security and Medicare
1300 19th Street, N.W.
Suite 260
Washington, D.C. 20035
Attention: Helen Telle

Balance due per statement dated February 11, 1986 .... $5,408.56

APPROVED

NATIONAL COMMITTEE
TO PRESERVE SOCIAL SECURITY
% JOSEPH RANSOM, C.P.A.
3151 AIRWAY AVE., STE. M-2
COSTA MESA, CA 92626

SECURITY PACIFIC NATIONAL BANK
Sixth & Flower Office #0296
508 West 6th Street
Los Angeles, CA 90017

1007

16-4/1220

April 3, 86

---Five thousand four hundred eight and 56/100------------------ 5,408.56

WILLIAMS & CONNOLLY
Law Offices
Hill Building
839 Seventeenth Street, N.W.
Washington,-D.C. 20006

NOT NEGOTIABLE

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NAT'L COMM. TO PRESERVE SOCIAL SECURITY
3151 AIRWAY AVE.
COSTA MESA, CA

DELUXE FORM WVO-3 V-6

DATE	DESCRIPTION	AMOUNT	DISTRIBUTIONS	
			ACCT. NO.	AMOUNT
	2/11/86 statement	5,408.56		

EMPLOYEE ____________

PERIOD ENDING	EARNINGS				TOTAL EARNINGS	DEDUCTIONS					TOTAL DEDUCTIONS	NET PAY
	HOURS	RATE	AMOUNT EARNED AT REGULAR RATE	OVERTIME AND OTHER		SOCIAL SECURITY TAX	WITHHOLDING U.S. INC. TAX	S.D.I.	STATE INCOME TAX			

V-6 A

Question 4. The total amount that the NCPSSM paid to William Wewer each year from 1982 through 1987 and the total amount paid to Mr. Wewer from the NCPSSM-PAC in those same years.

Answer. The National Committee has made a number of payments to its officers and members of its Board. These include payments to: William Wewer, Secretary and General Counsel; IPSO, chaired by Kathleen Marquardt, a member of the Board; and Blanche Kelly, Assistant Treasurer. Mr. Wewer, Ms. Marquardt and Ms. Kelly no longer serve as officers/directors. The total payments are broken out in the footnotes of the audit which we have submitted to the Subcommittee. [See "Payment to Officers" on page 8.] We have asked Price Waterhouse for a detailed breakout of every expenditure made; however, they have not yet responded to our request [the information had not been provided to the subcommittee at the time of this printing]. I can assure you the vast majority of the funds paid to Kelly Consultants for our caging operation, i.e. used to pay salaries and other expenses in connection with the opening and processing of our mail. [No information was provided re PAC.]

Question 5. The total amount that the NCPSSM paid to Butcher Forde Consulting (Butcher Forde Marketing) or any of its related businesses in the years 1982 through 1987 and the total amount paid to those companies by the NCPSSM-PAC during those years.

Answer. Although the National Committee has made substantial payments to its direct mail contractor, BFC, much of the money was merely "passed through"—that is, reimbursing BFC for amounts previously laid out on behalf of the National Committee in the course of a mailing. In 1983, BFC's revenues exceeded expenses on behalf of the National Committee by $68,068.08. In 1984, BFC's National Committee revenues exceeded expenses by $2,300,886. In 1985, a mid-year reduction in the contract fee schedule resulted in BFC's net revenues totaling $5,355,680. The National Committee changed its accounting year in 1986 and Price Waterhouse has yet to complete its audit for the fiscal 1986 year. However, during a renegotiation of the contract between BFC and the National Committee, the direct mail contractor agreed not to seek reimbursement for certain direct mail expenditures, thereby capping its net revenues from the National Committee at about $3.2 million.

Question 6. A breakdown of the Price-Waterhouse information on "Related Party Transactions" for the years 1983, 1984 and 1985 showing how much money was received by each officer or director of the NCPSSM; also, the same information for 1986.

Answer. See response to Subcommittee question No. 4.

Question 7. All dates on which you or a representative of the NCPSSM testified in person before Committees or Subcommittees of the Congress.

Answer. Although the National Committee considers its main lobby team to be its 4.5 million members, it supplements its members' letters, phone calls and petitions with the work of a lobby staff which now numbers 11 registered lobbyists. Those lobbyists visit members of Congress and their staff in one-on-one meetings, explaining the issues and providing assistance in the form of memoranda, technical expertise and members for testimony. In addition to these one-on-one meetings, the National Committee has submitted testimony at a number of hearings on issues relevant to the aging. Also, we have made those of our members with a particular story to tell available for testimony.

Regarding Rep. Crane's "disappointment" that Mr. Roosevelt or some representative of the National Committee did not appear before the subcommittee at the February 18, 1986, hearing on safeguarding the Social Security Trust funds: Contrary to what some members of Congress believe, Mr. Roosevelt was not issued a formal invitation to testify, therefore there was no opportunity for him to decline. A member of our staff called him about the hearing and asked if he could come to Washington to attend, but Mr. Roosevelt found he had a schedule conflict that simply could not be changed. Since Mr. Roosevelt was, at the time, the National Committee's principal spokesman, the decision was made then to submit a written statement for the record. When the hearing transcript was published, we found that Mr. Roosevelt's testimony and that of Congressman Clinger, who introduced our version of the safeguard legislation, had been inadvertently left out of the transcript. Chairman Jones was most gracious in that when he discovered the error, he inserted our testimony in the Congressional Record. [See Rep. Crane question No. 1.]

William Lessard, a representative of the National Committee, attended and took notes at the February 18 hearing. Unfortunately, Mr. Lessard stepped out of the hearing room for a period of five minutes just prior to the moment that Rep. Crane chose to call on, and then lambast, the National Committee. Mr. Lessard learned that he had missed Rep. Crane's call from John Rother of AARP, who was also in attendance. Attached is a list of testimony prepared by the National Committee for your Committee and others

[Attachments relating to question No. 7 follow:]

National Committee Policy Statements Delivered to Congressional Committees and Other Public Forums

1. For the Record, May 12, 1987, Subcommittee on Health and the Environment of the House Committee on Energy and Commerce, Quality of Nursing Home Care.
2. For the Record, May 7, 1987, Subcommittee on Health of the House Committee on Ways and Means, Medicare's Participating Doctor Program and Mandatory Assignment.
3. For the Record, April 30, 1987, Subcommittee on Aging of the Senate Committee on Labor and Human Resources, Older Americans Act Reauthorization.
4. For the Record, April 28, 1987, Subcommittee on Health of the Senate Committee on Finance, Quality of Long-Term Care.
5. For the Record, April 15, 1987, Subcommittee on Social Security of the House Committee on Ways and Means, the Administration's Fiscal Year 1988 Budget Proposals for SSA Staffing Reductions.
6. For the Record, April 8, 1987, Senate Committee on Labor and Human Resources, Catastrophic Health Insurance.
7. For the Record, April 6, 1987, Subcommittee on Human Resources of the House Committee on Education and Labor, Older Americans Act Reauthorization.
8. For the Record, March 30, 1987, Subcommittee on Health of the House Committee on Ways and Means, Catastrophic Health Insurance.
9. For the Record, March 26, 1987, Senate Committee on Finance, Catastrophic Health Insurance.
10. For the Record, March 13, 1987, Senate Special Committee on Aging, Administration Budget Proposals.
11. James Roosevelt, March 10, 1987, Subcommittee on Social Security of the House Committee on Ways and Means, Deceptive Mailing Practices of Senior Organizations.
12. For the Record, March 5, 1987, Subcommittee on Social Security of the House Committee on Ways and Means, Administration's Fiscal Year 1988 Budget Proposals for Social Security and Railroad Retirement.
13. For the Record, February 24, 1987, Subcommittee on Health of the Senate Committee on Finance, Long-Term Care of the Elderly.
14. For the Record, February 17, 1987, Subcommittee on Health and Long-Term Care of the House Select Committee on Aging, Catastrophic Illness.
15. For the Record, February 4, 1987, House Select Committee on Aging, Direct Mail Solicitations to the Elderly.

16. James Roosevelt, October 23, 1986, National Caucus and Center on Black Aged, Income and Employment Issues affecting Older Blacks.

17. For the Record, September 19, 1986, Subcommittee on Health and the Environment of the House Committee on Energy and Commerce, Nursing Home Reform.

18. For the Record, August 15, 1986, Public/Private Sector Advisory Committee on Catastrophic Illness.

19. James Roosevelt, April 30, 1986, Subcommittee on Labor, Health and Human Services, Education and Related Agencies of the House Appropriations Committee, Support for Health Research.

20. For the Record, April 23, 1986, Subcommittee on Health of the House Committee on Ways and Means, Support for Quality Care under the Medicare Program.

21. For the Record, March 6, 1986, Subcommittee on Health of the House Committee on Ways and Means, Against the Administration's 1987 Budget Proposals for Medicare.

22. For the Record, February 18, 1986, Subcommittee on Social Security of the House Committee on Ways and Means, Support for the Social Security and Medicare Trust Funds Act (H.R.4067).

23. For the Record, October 21, 1985, Health Task Force of the House Budget Committee, Impact of Prospective Reimbursement on Medicare Beneficiaries.

24. For the Record, September 9, 1985, House Select Committee on Aging, Support for Independent Social Security Agency.

25. For the Record, September 9, 1985, Subcommittees on Social Security and Oversight of the House Ways and Means Committee, Retirement Income Security.

26. James Roosevelt, July 9, 1985, Press Conference to Deliver Two Million Petitions to House Majority Leader James Wright, Against Proposed Social Security and Medicare Benefit Cuts.

27. For the Record, May 7, 1985, Subcommittee on Social Security of the House Committee on Ways and Means, Support for Independent Social Security Agency and Removing Social Security from the Unified Budget.

28. For the Record, April 15, 1985, Subcommittee on Health of the House Committee on Ways and Means, Against the Administration's Budget Proposals for Medicare.

29. For the Record, April 11, 1985, House Select Committee on Aging, Support Quality Care Improvements under Medicare.

30. William Wewer, April 3, 1985, Subcommittee on Social Security of the House Committee on Ways and Means, Against SSA Staff Reductions and Office Closings.

31. For the Record, March 29, 1985, Subcommittee on Health of the House Committee on Ways and Means and Subcommittee on Health and Environment of the House Committee on Energy and Commerce, Support Protections for Medicare Patients.

32. James Roosevelt, September 13, 1984, Subcommittee on Health of the House Committee on Ways and Means, Proposals for the Medicare Financing Crisis.

33. For the Record, September 11, 1984, House Committee on Ways and Means, Support for the Social Security Cost-of-Living Adjustment.

34. James Corman, July 30, 1984, Subcommittee on Social Security of the House Committee on Ways and Means, Support for Independent Social Security Agency.

35. For the Record, July 1984, Republican National Platform Committee, Platform Proposals.

36. For the Record, June 14, 1984, Subcommittee on Health and Long-Term Care of the House Select Committee on Aging, Support for legislation against medical quackery.

37. James Corman, June 11, 1984, Democratic National Platform Committee, Platform Proposals.

Question 8. The number of mailings the NCPSSM did in 1986, how many contained solicitations and how many did not (note that the Subcommittee staff counted 22 mailings which contained solicitations based upon the items provided by the NCPSSM before the hearing).

Answer. The National Committee conducts almost all of our member relations by means of direct mail. Our mailings to existing members include legislative alerts, special project mailings (which provide the member an opportunity to sign petitions or take other action, and may also include a request for contributions), the newsletter, a membership renewal program, and educational pieces. The National Committee also mails on behalf of its separate segregated fund (National Committee PAC). Not every mailing is directed to every member, although every active member receives all copies of the newsletter. In 1986 the National Committee mailed 40 "house file" mailings to our members. Of these house file mailings, 22 did *not* ask for money. Additionally, the National Committee conducts an ongoing recruitment program for new members which continues throughout the year.

Question 9. Whether the interest earned on contributions made toward the NCPSSM's building project will be returned to contributors along with the contributions if the building project does not go forward.

Answer. During the week of April 13, the National Committee returned the full amount to contributors to the building fund, along with interest earned at the rate of 8 per cent.

Question 10. Whether the NSPSSM is currently selling medicare supplemental insurance or any other form of insurance. If no, has the NCPSSM sold insurance at any time in the past. If NCPSSM is currently selling insurance, please send us copies of all solicitations which the NCPSSM has mailed.

Answer. At one time, we offered our members the opportunity to purchase Medigap and other types of insurance at group rates. In the fall of 1986, however, we discontinued that practice, because we felt there was an inherent conflict of interest in an organization that is, on the one hand, advocating expansion of Medicare benefits to fully protect all senior citizens, while, on the other hand, deriving revenues for the sale of Medigap insurance. We felt it would be impossible to lobby effectively for legislation which could destroy a significant portion of our income. Additionally, we have a real concern about making use of our not-for-profit mail permit in competition with for-profit commercial ventures. This concern is apparently not shared by AARP, NCSC, the National Alliance of Senior Citizens, and other senior organizations. So we suggest that you put your question to them as well.

QUESTIONS FROM REPRESENTATIVE PHILIP M. CRANE

Question 1. Mr. Roosevelt, I appreciate your willingness to come before the Social Security Subcommittee on this occasion. Let me say that I was quite dissappointed that you, or some representative of your organization, failed to appear before this Committee when we held our February 18, 1986 hearing on the legislative proposals to prevent the disinvestment of the Social Security Trust Funds.

Answer. [See response to Subcommittee question No. 7.]

Question 2. Your group has been vocal in its opposition to the Secretary of the Treasury's action to disinvest the Social Security trust funds so that the Social Security benefits could be paid without increasing the public debt beyond the statutory ceiling. If the Secretary did not disinvest the trust funds when he did, Social Security benefits could not have been paid because of the trust fund's short-term borrowing from the general treasury. At the end of October, 1985, Congress had not approved an increase in the statutory limit on the public debt, and thus gave the Secretary of the Treasury a choice: either disinvest the trust fund or delay sending out social security benefit checks until there were adequate funds in the trust fund to honor those checks. Given your opposition to the disinvestment action, would you have preferred that the Secretary delay the sending out of the Social Security benefit checks?

Answer. In late 1985 the Treasury Secretary sold over $27 billion of government bonds owned by the Social Security Trust Funds to keep the Federal government within the debt ceiling limit. This action was taken without consultation with the Congress.

Instead of asking whether or not the National Committee would favor disinvestment of Social Security Trust funds and positing that without disinvestment benefits could not be paid, the National Committee holds that benefits cannot be held hostage to political posturing and standoffs. In other words, benefits would not have been threatened if the Congress and the Administration had acted responsibly.

Further, the National Committee supports legislation introduced by Senator Moynihan that would allow the payment of benefits by a limited disinvestment even during so-called "debt ceiling crises". Failure to pass such legislation indicates a willingness on the part of the Congress to hold Social Security beneficiaries hostage to transient political maneuverings.

To asertain whether the National Committee has ever influenced any legislator to "change his vote" one must first assume that Members of Congress will reverse a position based on the merits of an argument or the popular sentiment of their constituency. This is certainly frequently true, but it is equally as true that very few legislators will admit to having been "wrong" in the first place.

National Committee members' heavy lobbying has influenced the thinking of many Members of Congress on a number of issues. Most recently, National Committee members have written to their respective legislators urging support of H.R. 65—Congressman Claude Pepper's catastrophic health care legislation. Mr. Pepper's staff indicated a large volume of handwritten letters by National Committee members has translated into a favorable response by Members of Congress and greatly increased the number of co-sponsors on Mr. Pepper's bill.

Similarly, H.R. 1917, introduced in the 99th Congress to correct Social Security "Notch" year inequities, gained little significant support last year until National Committee members began writing to their respective Members. The same could be said for the Moynihan Trust Fund Disinvestment legislation which was the focus for both member correspondence and for direct communications by National Committee Washington-based lobbyists.

In the case of the Moynihan bill, our lobbying team found that a significant number of House Members did not realize that the House version of the bill would not allow the payment of benefits during a "debt ceiling" crisis. Upon learning of this anomaly some Members decided to change their opinions of the efficacy of the proposal. Still, as already stated, few Members of Congress are willing to admit that they did not understand the implications of the House bill as originally drafted.

Question 3. How many individuals were employed by each of the following organizations in each of the past four years: The National Committee to Preserve Social Security and Medicare, the National Committee to Preserve Social Security, and Butcher Forde consulting?

Answer. During its start-up year, 1983, the National Committee's staff work was performed entirely by its legal counsel, William Wewer, and his associates and assistants. Additionally, International Policies Studies Organization ("IPSO"), undertook some research functions. In 1984, IPSO employed 41 researchers and writers on the National Committee account, the majority of them on a part-time or per-piece basis. By late 1984, the National Committee had an in-house research and editorial production department in place; the National Committee spent $46,550 on salaries during that year and its in-house staff numbered 9 people.

In 1985, the National Committee spent $199,117 on a staff of 16. Additionally, a small amount of IPSO's activities continued on behalf of the National Committee during the early part of 1985. In 1986, the National Committee spent $440,460 on a staff which numbered 32 people by the end of the year. The staff budget for the fiscal year beginning in April, 1987, totals $1,783,080. During the past four years, no individuals were employed by the National Committee to Preserve Social Security and Medicare, the organization exempt under Section 501(c)(3), because that organization was inactive. Employment figures for BFC Direct Marketing will have to come from that firm.

Question 4. What is the average annual contribution to your organization by the members of the National Committee to Preserve Social Security and Medicare?

Answer. Annual membership dues in the National Committee are $10.00. Additionally, about three quarters of our members make an additional contribution during the year. In 1986, according to data supplied to us by our list company, Wiland Services, the average individual contribution was $10.04, the average annual contribution was $18.02, and the average lifetime contribution was $24.95.

QUESTIONS FROM REPRESENTATIVE HAL DAUB

A. SUBJECT: "SPECIAL ASSESSMENTS"

Question 1. When you solicit your "members" for "special assessments"—currently, I believe you are raising funds to build an office building, and to establish a special lobby to protect the Trust Funds—do you earmark the money collected for that purpose?

Answer. Generally, we do not raise or earmark money for separate projects. When we do raise special funds and earmark them, we establish a separate fund—as we did with our Political Action Committee and our building project. However, most of our money is raised to support our grassroots and direct lobbying efforts. Because we pay for these expenditures out of our general fund, monies raised in campaigns for lobbying are deposited into the general funds.

Question 2. In these two specific mailings, you enclosed $1 to encourage recipients to contribute. How much does that technique cost you per mailing? What percentage of the recipients pocket the dollar? (If you cannot provide an answer to the latter for the two recent mailings, what has your prior experience with this technique been?)

Answer. One of the National Committee's recent mailings involved sending members a dollar bill (with the request that they return the dollar bill) along with a contribution for a current lobbying campaign. Data from a test of the dollar bill package mailed on December 4, 1986, to 29,942 people reveals that 56.7 percent of the recipients did not respond. The remaining 12,976 recipients returned the dollar and enclosed petitions to Congress. The dollar bill mailing costs approximately $1.80 per letter, including printing, postage, and the dollar bill itself.

Question 3. Attached is a letter the N.C.P.S.S.M. sent to someone in Russellville, Arkansas, in early 1985 asking her to contribute between $7.50 to $10.00 to help pay for a local telecast on March 2 of your documentary "Saving Social Security and Medicare." The letter promises that: "If you do invest and we fall short, I will make certain you are refunded every cent."

Did the show go on? If not, were contributions returned? How much did air time cost? How much was collected?

ATTACHMENT

JAMES ROOSEVELT
United States Congressman (Retired)
Washington, D.C.

[redacted]
Russellville, AR 72801

Dear [redacted]:

It is a pleasure to advise you that we have raised sufficient funds to produce our N.C.P.S.S.M. special documentary "Saving Social Security and Medicare".

In addition, we have been able to tentatively schedule the show in the Russellville area on the following day and time:

March 2nd at 4:30 P.M. on CH 4

Now we have one BIG PROBLEM. We have to pay for the time BEFORE the program goes on the air.

If you could possibly help with $10 or even as little as $7.50 right now, I would really appreciate it. But you must act immediately! The show goes on the air in just a few days and we must pay BEFORE THEN. If you do invest and we fall short, I will make certain you are refunded every cent.

Please, also, encourage everyone you know to watch your half hour show and consider inviting some of your friends over to watch. Then urge them to join right then by calling 1-800-453-9900, toll free.

Your continued support to save the Social Security and Medicare systems my father began is deeply appreciated.

Most sincerely yours,

James Roosevelt

James Roosevelt, Chairman
National Committee to Preserve
Social Security and Medicare

P.S. Consider announcing at your club, church or other meetings that you urge people to watch your TV show.

Answer. National Committee has a no-questions-asked membership refund policy. Further, any member who requests a refund of his contributions can receive the total amount donated during the past 12 months. During 1986, 244 members requested refunds totaling $5,950. Additionally, in early 1987 the National Committee lived up to its commitment to Congressman Ed Roybal by contacting all members who, subsequent to that commitment, had contributed a cumulative amount in excess of $100 in a year.

Finally, during the week of April 13, the National Committee returned the full amount to contributors to the building fund, along with interest earned at the rate of eight percent. Generally, the National Committee has no need to return contributions solicited under a return if not successful policy. For example, the "Saving Social Security and Medicare" Television documentary to which Congressman Daub refers in question A-3 aired March 2, 1985, on KARK-TV, an NBC affiliate in Little Rock, Arkansas. Russellville, Arkansas, the address of Congressman Daub's correspondent, is within the Little Rock broadcast area. Airtime for the program cost $1,000. Since the documentary aired in 148 national markets, we are unable to break down the data for money raised specifically in the Little Rock area, as the 1985 data has long since been merged into a general database. We are almost certain that we did not raise $1,000 in the area. Nonetheless, the documentary went on.

A look at national figures reveals that $206,079.46 was spent for airtime in the 148 markets. The gross receipts of the fundraising mailings totaled $449,619.04. Minus syndication fees, TV and mailing production costs, and postage costs, the mailings netted $16,553.00

Question 4. I'd like information about the mailing the committee sent in September 1984. This was a letter which our former colleague, Barber Conable, called the "Great American COLA Ripoff". You asked your members to rebate an estimated 5 percent of their 1985 COLA in order to fund your lobbying efforts on behalf of a COLA. Mr. Conable noted at the time: "It plays on the politics of fear—when the reality of the situation is that from the day President Reagan proposed waiving the 3 percent trigger, the proposal has had broad bipartisan support—in no small measure because this is an election year." It is doubtful your "members" had time to respond before mid-October when CPI data for the third quarter of 1984 made the issue moot—even before the President signed P.L. 98-604 on October 30, 1984, waiving the 3 percent trigger. How much did that letter raise? How much was spent to lobby for the COLA? Describe those lobbying activities, including the dates on which the N.C.P.S.S.M. took action.

Answer. Another special project letter involved guaranteeing the Cost of Living adjustment in September, 1984. The net total of contributions in connection with this letter was $820,570.32. As always, we consider the most important segment of our lobby effort to be the grassroots efforts of our members themselves, who wrote letters to their Congressman opposing the proposed COLA guarantee. Additionally, our outside lobbyist, Mr. Corman, was active in opposing the COLA guarantee; he and his associates were paid $89,978.74 in 1984. I might note that this lobby effort was deemed necessary because the COLA guarantee was first bottled up in this Subcommittee and then watered down so it affected only the 1984 COLA instead of the permanent COLA guarantee which was enacted by Congress two years later at the urgings of the National Committee and our members.

Rep. Daub asks whether we ever lobbied on the COLA guarantee issue. Our lobbyist at the time was James Corman, formerly a member of this Committee. Our instructions to Mr. Corman were for him and his associate, Ken Bowler, to work aggressively to help pass legislation which would guarantee the COLA. So far as we know, he did, because he billed us for the efforts and we paid him.

As a result of a Legislative Alert in August 1984, our members sent 400,000 letters, postcards and petitions to Congress urging the elimination of the COLA trigger. Last summer, when low inflation again threatened to postpone the COLA, National Committee members sent 60,000 mailgrams to Congress urging support of Rep. Pepper's legislation to eliminate the COLA trigger.

Question 5(a). Moving on to the infamous "Urgent-Action-Gram" you sent on November 8, 1985, soliciting a quarter of a million dollars in part to file a law suit on the disinvestment of the Trust Funds, how much did that mailing raise?

We all know you didn't file a law suit. What did you do with the funds? How much was spent on legal fees? Can you provide dated invoices? Frankly, this Committee was surprised that no one from the N.C.P.S.S.M. asked to appear at our subsequent Disinvestment Hearing on February 18, 1986 to offer counsel on legislative proposals.

Answer. [See response to Subcommittee questions Nos. 3 and 7.]

Question 5(b). Have you accounted for these funds to your membership? Did you ever notify those who contributed why you decided not to litigate?

Answer. As usual, we made regular progress reports to our members on our activities in connection with the Trust Fund Safeguard Act. Included in these reports was notification that we did not file a lawsuit to restore all assets and interest lost as a result of the Trust Fund raids. At that time we still hoped to pursue a lawsuit regarding the Treasury Secretary's conflict of interest. This notification was in the January, 1986, issue of Saving Social Security; additional reports on the legislative activities were in the March-April, May-June, July-August and September-October editions of Saving Social Security.

To keep our members abreast of what the National Committee is doing on their behalf and with their membership dues, our newspaper regularly reports on the special projects and legislative efforts being undertaken. Whether it be in the area of nursing home reform, the "notch," trust fund protection or catastrophic health coverage under Medicare, National Committee members are not only urged to get involved, they are also kept up-to-date on what is being done. That is why the January-February, 1986, issue of Saving Social Security contained a story about the trust fund disinvestment battle and announced the National Committee's decision not to file suit against Treasury Secretary Baker.

B. SUBJECT: COMMITTEE'S RELATIONSHIP TO BUTCHER-FORDE (DIRECT MAIL CONTRACTOR)

Question 1. On December 8, 1986, CBS Evening News reported that your organization raised about $9 million in 1984, $29 million in 1985, and about $40 million in 1986. CBS also reported that 80 percent of those revenues is being plowed back into mailings to raise more money. I understand you dispute that ratio. For the record, how much was paid to Butcher-Forde (BFC Direct Marketing on Newport Beach, California) for the committee's mailings in 1984, 1985 and 1986?

Answer. [See response to Subcommittee question No. 5.]

Question 2. By way of comparison, how much was spent on the committee's official newspaper in those years? Does Butcher-Forde have any role in the publication or distribution of that newsletter?

Answer. The National Committee currently spends $3,206,516 per year for the preparation and delivery of its newspaper, Saving Social Security, to all of its active members.

Question 3. Have any of your board of directors or employees received any compensation from Butcher-Forde since 1982? If yes, please describe.

Answer. [See response to Subcommittee question No. 4.]

C. SUBJECT: FINANCE

Question 1. Who provided the capital to fund your organization from November 1982 until you received funds from your first mail solicitation?

Answer. Although the National Committee now operates on a $30 million dollar budget, when we first began operations in 1983, under Mr. Roosevelt's direction and supervision, funds were scarce. So we took special care not to squander our members' dues on expensive overhead and staff salaries. In fact, during the first months of operation, the entire expense of operation was borne by our general counsel, William Wewer, who donated office space and the use of his secretarial and clerical staff to the organization, and by our direct marketing firm, then Butcher Forde Consulting, which took the risk of putting out the first membership solicitation and billing us for it afterwards. The National Committee had no major revenues at all during the period from November 1982 until responses to its first solicitation came in; Mr. Wewer and Butcher Forde Consulting took all the financial risk.

Additionally, Mr. Roosevelt took no payment of any kind with the exception of reimbursement for expenses during the first three years of the National Committee's operation.

Question 2. How much did the N.C.P.S.S.M. receive in "member" dues from November 1982 to January 1984 when the first newsletter was published?

Answer. National Committee made its first membership solicitation mailings in January, 1983. Almost immediately after that, we commenced our grassroots lobby activities and educational programs. Congressman Daub erred when he said the National Committee's first newsletter was not published until 1984; the first newsletter was mailed on April 15, 1983, only a few weeks after the results of the first membership drive were tabulated. The National Committee's month by month fundraising tabulation for that time is incomplete; so, we have ordered BFC to determine the total contributions received before the first newsletter was mailed.

Question 3. How much did the N.C.P.S.S.M. receive in "member" dues from November 1982 until your organization first registered to lobby?

Answer. The National Committee began its grassroots lobby campaign with a legislative alert mailed in March, 1983, calling on our members to write Members of Congress about the Social Security amendments then pending. Because our members are not paid by us, we did not register as a lobbyist until we retained former Congressman James Corman in the spring of 1984. The National Committee is working to locate information which would allow us to provide the total of funds collected before it registered as a lobbyist.

Question 4. How much the N.C.P.S.S.M. spent on direct organization lobbying activities—as opposed to grassroots campaigns—in 1984? 1985? 1986?

Answer. Even though the question implies that using grassroots lobbying isn't true lobbying and, therefore, that Congressmen pay no attention to the wishes of constituents, we have asked Price Waterhouse to provide an exact breakdown of all lobbying fees paid Mr. Wewer. That figure will be provided as soon as possible.

We can, however, immediately provide the amounts paid our contract lobbyists. In 1984, Corman was paid $89,968.74; in 1985, the total for a partial year of service was $19,386.56. In the same year, we paid Richard Sinnott $46,958.18 for his lobbying services. The following year, he was paid $113,694.66 prior to our development of an entirely in-house team of government relations specialists. During that year, the salaries of our legislative staff totaled $100,302.69.

Question 5. How much has the N.C.P.S.S.M. spent on staff salaries in 1984? 1985? and 1986? How many have been employed in each year? Full time? Part time?

Answer. [See response to Representative Crane's question No. 3.]

QUESTIONS FROM REPRESENTATIVE LARRY J. HOPKINS

Question 1. CBS news reported last December that tax records show your organization raised $40 million in 1986 and that 80 percent of that went toward more direct mail fundraising appeals. The report also indicated that your marketing firm would get five cents from each of the 100 million fundraising letters that are mailed.

Is this true? Are you willing to provide documented proof to confirm or deny the CBS report? Whether it is true or not, would you provide me with a breakdown of what you did with the money that you raised in 1986? What did you do with this money? How much did you spend on lobbying? How much did you spend on salary and expenses? How much did you spend on more direct-mail fundraising?

Answer. Because the National Committee conducts nearly all of its member communications by means of direct mail, its expenditures for direct mail constitute a substantial portion of its budget. However, since the majority of our mailing pieces do not solicit funds from members, it is unfair to charge—as CBS News and assorted Congressmen have done—that "80 per cent or more of its funds are used to solicit more funds."

In fact, using generally accepted accounting principles, the audit by the accounting firm of Price Waterhouse showed only 15 per cent of our budget was spent on fundraising. Incidentally, to correct another CBS error, the National Committee raised only about $30 million dollars in 1986, not the $40 million dollars claimed by the Network. The National Committee has willingly provided documented proof—in the form of its federal Form 990 tax return and audits to the Subcommittee, to any member of Congress who requests it, and to any representative of the press.

Question 2. You continue to claim that Social Security is in immediate danger of collapsing, that the powerful and rich forces are out to destroy it and that your organization is best-suited to save it.

Please provide me with proof of your claim that Social Security is on the verge of collapse, who the forces are that would destroy it and what you have done to "preserve" it?

Answer. For some reason, it is anathema on Capitol Hill to even suggest older Americans can expect less than perfect protection from the Congress. Yet, anyone taking a close look at Social Security and Medicare must admit the decade of the 80s has been tough on seniors. The following facts reflect what our membership well understands:

Social Security Benefit Cuts and Threats

1980: The Disability Amendments of 1980 lowered the maximum for family benefits and lowered average earnings and consequently benefits for disabled workers by increasing the number of years of earnings counted in the benefit formula. The amendments also mandated continuing disability reviews. The Administration initiated the reviews in 1981 and terminated the benefits of more than 450,000 beneficiaries before the reviews were suspended in 1984 and Congress reformed the review process. Federal judges had already reinstated the benefits of nearly 200,000 beneficiaries who had appealed the benefit terminations and criticized the Social Security Administration for ignoring court precedents and harassing disability beneficiaries.

1981: The Gramm-Latta Budget Legislation eliminated the minimum Social Security benefit, eliminated a mother's benefit when a child reached age 16 instead of when the child reached age 18, eliminated lump sum death benefits unless the deceased was survived by spouse or dependent child, eliminated dependent benefits for children at age 18 instead of at age 22 if in school, delayed benefits for one month for workers filing at age 62, and rounded down all benefits.

The Administration proposed further reductions in Social Security which would have reduced benefits by 26 percent. These recommendations included delays in the COLA, lower benefits for early retirement, a lower level of benefits for new retirees and further reductions for spouses and dependent children. The proposal would have severely restricted the definition of disability to the point of virtually eliminating the program.

1982: The Senate Budget Committee Chairman proposed a Social Security COLA freeze. Later in the year, the Senate Budget Committee adopted $40 billion in unspecified Social Security cuts to lower the deficit.

1983: Social Security financing was sufficient to pay full benefits only through mid-year. The National Commission on Social Security Reform recommended a compromise of payroll tax increases and benefit cuts to bailout the system from impending bankruptcy. The National Commission recommended a six-month delay in the COLA and taxation of Social Security benfits for the first time in history. Congress enacted these cuts and increased the normal retirement age from 65 to 67 beginning in the next century.

1984: The Secretary of the Treasury advocated varying Social Security benefits with income, a form of means testing.

In 1984 and again in 1986, low inflation threatened to postpone the Social Security COLA and required Congressional action to guarantee that Social Security beneficiaries would receive a COLA equal to inflation.

1985: The Senate passed a budget with the Administration's endorsement that would have frozen the Social Security COLA, costing the average retired worker an estimated $1,200 over five years. The Speaker of the House floated a proposal to increase taxation of Social Security benefits.

The Administration adopted a plan to reduce staff at the Social Security Administration (SSA) by 21 percent over 5 years. An internal SSA memo proposed standards for the closing or downgrading of local offices that could have resulted in the closing of half of Social Security field offices. Advocates were concerned that these actions would lower the quality of service to Social Security beneficiaries.

In late 1985, the Secretary of the Treasury disinvested the Social Security Trust Funds to keep the government running during a debt ceiling crisis. Congress also discovered similar disinvestments in 1984. By early November, assets in the Trust Funds were below the level necessary to pay December benefits in a timely manner without Congressional action.

In passing the Gramm-Rudman-Hollings Deficit Reduction Legislation at the end of the year, Congress counted annual Social Security surpluses as revenues for purposes of computing the deficit. This provision inhibits Congress from passing any legislation to correct Social Security benefit inequities. Any changes in Social Security law which increase spending on benefits would have to be offset by cuts in other programs. This is the case even though Social Security Trust Funds are building up reserves.

1986: In early 1986, prominent Republican and Democratic Congressional leaders continued to advocate Social Security benefit cuts despite the prohibition against Social Security benefit cuts in Gramm-Rudman-Hollings.

Republican presidential candidate Pierre DuPont and influential Republican Congressman Newt Gingrich advocated replacing Social Security with tax-favored private retirement savings. The Chamber of Commerce published a study by former Presidential advisor Peter Ferrara arguing that Social Security is a bad investment for young people compared to private retirement savings. Americans for Generational Equity organized on the basis that older Americans are receiving too much from the government and young Americans are not receiving enough.

1987: Administration continues plans to reduce staff despite GAO criticism that the systems modernization plan is behind schedule. SSA has argued that the systems modernization plan would permit it to reduce staff without affecting the quality of service.

The New York Times joined the Washington Post in advocating further taxation of Social Security benefits to help reduce the deficit. Democratic presidential candidate Bruce Babbitt also advocates taxation of Social Security benefits.

Medicare Benefit Cuts and Threats

1981: Congress increased the Medicare Part B deductible from $60 to $75 and changed the formula for the Part A deductible. The formula change increased the Part A deductible 12.5 percent in future years. Congress rejected other minor benefit cuts proposed by the Administration.

1982: Congress set the Medicare Part B premium for the next two years at a level sufficient to cover 25 percent of program costs. Prior to this, the annual increase in the premium was no more than the percentage increase in Social Security benefits as a result of the COLA. For the first time the Administration proposed copayments for home health visits, a one month delay in Medicare eligibility and the indexation of the Part B deductible. The Administration continued to propose these cuts in future years.

Medicare's trustees predicted that the Hospital Insurance Trust Fund would be bankrupt by 1987.

1983: Congress enacted a hospital cost containment program in an effort to slow down the impending bankruptcy of the Hospital Insurance Trust Fund. While intended to cut out the fat in hospital care, the law has had unintended negative consequences for Medicare beneficiaries. Between 1983 and 1986, the Medicare deductible increased an average of 17 percent annually. Hospitals discharge patients an average of 2 days earlier than before. Patients who still need care frequently cannot obtain it or have to pay more for it. More and more patients are being treated on an outpatient basis which is covered by Part B. Part B cost sharing is frequently greater than Part A and the increase in the use of Part B services is also increasing the premium. The 1987 premium increase was 15 percent and the 1988 premium increase is projected to be 25 percent.

The Administration proposed for the first time replacing Medicare with a voucher plan so that Medicare beneficiaries would have to buy health insurance from private companies.

1984: The Advisory Council on Social Security recommended an increase in the Part B premium to partially offset Part A expenses, an increase in the age of eligibility for Medicare from 65 to 67 and a requirement for daily hospital copayments.

The Administration proposed increasing the Part B premium over five years so that it would cover 35 percent of program costs instead of 25 percent. At the same time, the Administration wanted to freeze Medicare payments to doctors with no protections for beneficiaries against non-assigned charges.

1985. The Senate passed a budget that would have increased the Part B premium to a level that would cover 30 percent of program costs and cost beneficiaries an estimated $179 more in premiums over five years.

1986: Gramm-Rudman reduced Medicare payments to beneficiaries by one percent on non-assigned claims.

The Administration proposed a package of Medicare benefit cuts that would have cost the average beneficiary $640 over five years.

The Health Care Financing Administration tightened the interpretation of Medicare home health care benefits resulting in a reduction in approval rates for home health care benefits.

1987: The Administration proposed to increase the Part B premium only for new beneficiaries. The Administration recommended a one month delay in Medicare eligibility and indexation of the Part B deductible.

Some congressional critics constantly tell constituents and the media that seniors can save their $10 membership dues to the National Committee. "All you need to influence me is 22 cents for a stamp," they say.

And that's true enough as far as it goes. But most individuals—older Americans or younger Americans—are too caught up in their own lives to spend a great deal of time reading about Congress and the issues. And even if they did, many would not be galvanized to write. To overcome that, the National Committee furnishes its members with information on what's going on in Washington and urges them to write when their letters will do the most good.

Furnishing information is what a good lobbying organization does. Yet, you never hear of Congressmen and Senators telling bankers, doctors or gun owners not to work together to influence the decision-making process, mainly because everyone knows the American Bankers Association, the American Medical Association and the National Rifle Association have an influence far wider than their mere numbers would indicate.

As one National Committee member recently wrote James Roosevelt, "A $10 watchdog in Washington, D.C., is not a bad investment."

Question 3. You now claim you have 4 million members.

How much does it cost to be a member of NCPSSM? Where do you get the lists of names to mail your fundraising appeals? What do members receive in return for their membership?

Answer. Annual membership dues of the National Committee are $10.

When the National Committee mails to its house file we use our proprietary list of members. When the National Committee mails recruitment mailings we use commercial lists readily available on the market. The National Committee's direct mail consultant, BFC Direct Marketing ("BFC"), routinely performs sophisticated analyses of these commercial lists to determine which ones will best yield prospective members of the organization.

The National Committee promises its members certain concrete items that it always delivers: a subscription to our newsletter, Saving Social Security, with issues mailed eight times a year; a gold embossed plastic membership card; and enrollment in the National Committee's legislative alert service, which advises members immediately of developments in Washington.

More importantly, the National Committee furnishes its members with timely information so they can better function as grassroots lobbyists on issues of importance to them—particularly the preservation and enhancement of Social Security and Medicare. That they do lobby Congress can be attested to by those Members of Congress whose offices have been flooded with letters, petitions and postcards from our members.

We have a highly effective member relations department which handles approximately 2,000 inquiries per week from National Committee members and that routinely responds to requests for educational materials, assistance and general information. Sometimes, our members call just to have a good listener—someone they can talk with about Social Security and Medicare problems.

In addition, the National Committee's political action committee urged our members to volunteer in the 1986 congressional elections, helping those Representatives and Senators, Democrats and Republicans, incumbents and challengers whose record had earned them the National Committee PAC endorsement. During a two-week period, more than 100,000 volunteer postcards poured into campaign headquarters all across the nation.

The most important service we provide is giving our members the tools by which they can gain a measure of control over their own destiny through the active lobbying of their Congressman and Senators and through working to insure the election of representatives sympathetic to the needs of seniors.

Question 4. There was some confusion at the March 10 hearing in an exchange between your legal counsel and Rep. Pickle as to what IRS status your committee has.

What is the IRS status of the "National Committee to Preserve Social Security and Medicare"? Is it 501(c)3 or 501(c)4? Is there more than one organization that you control? Are there two organizations with the same name "National Committee to Preserve Social Security and Medicare" that each have a different IRS status?

Answer. At the time of the subcommittee hearing, there were two tax-exempt organizations with similar names—the National Committee to Preserve Social Security and the National Committee to Preserve Social Security and Medicare. The first is a tax-exempt social welfare association under Section 501(c)(4) and is the organization which everyone knows. The second organization, created as a charitable association under Section 501(c)(3), was never activated. It was formed solely because at one time, there was talk of funding research. Since the idea never went beyond the talking stage, the organization was never activated.

However, in an effort to eliminate any possible confusion, the 501(c)(3) organization has been dissolved. In addition, our direct mail consultants have been ordered to expand the disclaimer on every mail piece so there can be no confusion over the tax deductibility of contributions to the National Committee. Copies of our letters dissolving the organization and expanding the disclaimer are attached.

Chairman **Jacobs.** Mr. Roosevelt, this is just 5 minutes short of 5 hours that you have sat here patiently, and I hope that these hearings have served a useful purpose.

Mr. **Roosevelt.** Yes, it has.

Chairman **Jacobs**. I observe for the record, and let the record show, that of the eight organizations invited to testify here today, only yours has done so. Two, no one could be reached at the address of two of these organizations. The other five groups simply declined to come to testify even though there was some response from some of them. So that ought to demonstrate a willingness on your part to straighten out whatever you have been up to.

Mr. **Roosevelt**. Thank you, Mr. Chairman.

Chairman **Jacobs**. We appreciate your appearance.

[Whereupon, at 6:25 p.m., the hearing was adjourned.]

APPENDIX A

ITEM 1

Here are examples of solicitations that SSA found to be misleading together with correspondence indicating what SSA considered to be misleading about the solicitation. The information about the organizations listed below is at the indicated tab:

- -- National Network Inc. (TAB 1)
- -- National Federation of Retired Persons (TAB 2)
- -- Social Security Protection Bureau (TAB 3)
- -- Federal Record Service (TAB 4)
- -- Social Security Monitoring Service (TAB 5)
- -- National Committee to Preserve Social Security and Medicare (TAB 6)
- -- Security Service Information (TAB 7)

Attachments

DEPARTMENT OF HEALTH & HUMAN SERVICES
Social Security Administration

Refer to:
SXN-3

Baltimore MD 21235

FEB 24 1987

[Item 1
TAB-1]

National Network Inc.
350 Bedford Street, Suite C
Lakeville, MA 02347

Dear Sir or Madam:

A copy of your coupon has been brought to my attention. I have several problems with it which I hope you will correct.

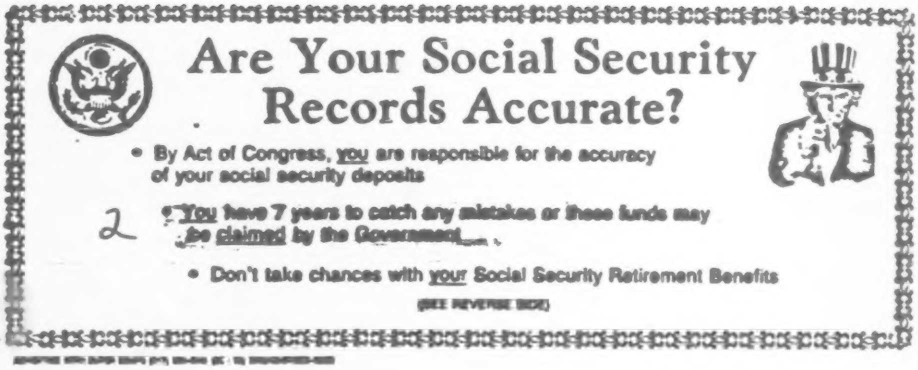
1 First, there are no such things as "Social Security deposits." The Social Security Administration maintains records of individuals' earnings covered by Social Security. There is no record of Social Security taxes paid, if that is what you refer to.

2 In addition, the Government cannot recover these funds after 7 years because (a) there are no funds to recover and (b) there is no 7-year time limit. There is a statute of limitations for correction of a person's record of earnings, but 7 years is not involved.

3 Since there is no record of deposits, you cannot provide a copy of a "Social Security deposit record." You are apparently referring to the Summary Statement of Earnings, which the Social Security Administration provides upon request without charge. Therefore, please make it clear that the $9.50 is your charge and not that of the Social Security Administration. We would appreciate your reply within 45 days.

Sincerely,

Charles H. Mullen
Acting Director
Office of Information



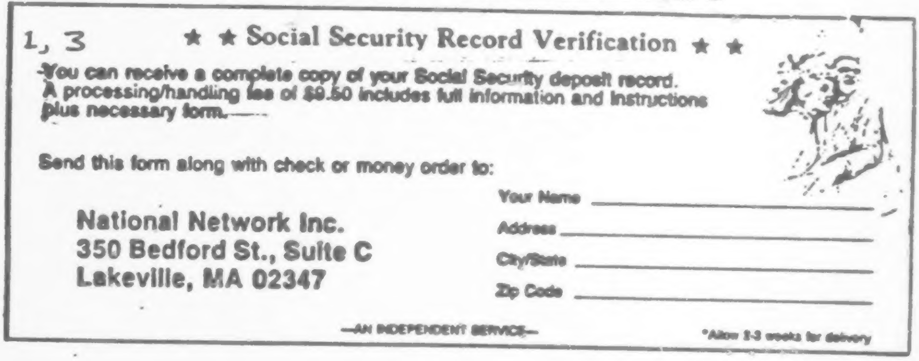
Are Your Social Security Records Accurate?

- By Act of Congress, you are responsible for the accuracy of your social security deposits

2

- You have 7 years to catch any mistakes or these funds may be claimed by the Government.
- Don't take chances with your Social Security Retirement Benefits

(SEE REVERSE SIDE)



1, 3

★ ★ Social Security Record Verification ★ ★

You can receive a complete copy of your Social Security deposit record. A processing/handling fee of $9.50 includes full information and instructions plus necessary form.

Send this form along with check or money order to:

National Network Inc.
350 Bedford St., Suite C
Lakeville, MA 02347

Your Name ____________
Address ____________
City/State ____________
Zip Code ____________

—AN INDEPENDENT SERVICE—

*Allow 2-3 weeks for delivery

DEPARTMENT OF HEALTH & HUMAN SERVICES
Social Security Administration

Refer to:
SXN
Baltimore MD 21235

[illegible] 1985

[ITEM 1
TAB-2]

National Federation of Retired Persons
P.O. Box 17943
San Antonio, TX 78217

Dear Sir:

A copy of your direct mail advertisement concerning "Social Security funeral benefits" has been brought to my attention. The material is inaccurate and, as a result, is misleading.

There is no Social Security funeral benefit. The lump-sum death payment, to which you apparently refer, is not related to the cost of the funerals, nor can it be paid to a funeral home or similar firm. It is only paid on the basis of relationship to an eligible surviving spouse or, in the absence of an eligible spouse, to a child entitled to benefits on the deceased's Social Security record for the month of death. If neither of these exist, the payment cannot be made.

Please change your mailing to eliminate any reference to a Social Security funeral benefit. If you do not cooperate, we will have no choice other than to refer this matter to the U.S. Postal Service for resolution.

Sincerely,

John Percy

John Percy
Director
Office of Information

Social Security Funeral Benefits Information $ $ $ $ $

Your Social Security benefits include funds to help pay burial expenses, however, there are limitations and exceptions you may not be aware of. Also, there is a way you can increase your funeral benefits to more than $1,000 or even $5,000. Unfortunately too often persons covered by Social Security fail to get this important information before it's too late.

DO YOU KNOW...

...Recent Federal laws have altered death benefits provided by Social Security.

...The difference between actual funeral costs and your Social Security benefit?

...How to collect maximum benefits and do you know when you are not entitled to any funeral benefits what so ever?

It is important you have these and other answers to your questions about Social Security and your death benefits. This free information is for concerned citizens ages 50 to 85.

In addition to important Social Security facts you will receive, at absolutely no obligation, a free Personal Protection Guide - a document every family must have for their peace of mind. You will receive all of these valuable documents with the compliments of the National Federation of Retired Persons, a non-profit organization serving mature persons. Please mail the postage paid card now.

Sincerely,
NFRP

Form LP-1 DETACH CARD HERE ©1986 NFRP

INFORMATION REQUEST FORM

PLEASE RUSH free information about Social Security death benefits and details & cost on how I can supplement it by as much as $5,000, cash paid to my loved ones at time of need. Your only obligation is to your loved ones.

Name ______________ **Phone** __________
Street ______________ **City** __________
State __________ **County** __________ **Zip** __________
Ages Husband ____ **Wife** ____ **Children** __________

COMPLETE AND MAIL CARD WITHIN 5 DAYS AND GET A
FREE PERSONAL PROTECTION GUIDE

August 7, 1986

ITEM 1
TAB-3

TO : Ms. Hilda Rosenberg

SUBJECT: Misleading Ad Mailing--ACTION

Again, we look to you for help. We have received copies of the attached mailing from offices in West Virginia, Illinois and Michigan. Our problems are the following:

1 o Use of Social Security in the firm's name, -- In our opinion, it's an effort to identify with the Social Security Administration, even though there are a couple of disclaimers (in very small type). We do not think the disclaimers are sufficient.

2 o Saying the person MUST have a plastic Social Security card -- Social Security cards are now printed on banknote paper to make them more difficult to alter or counterfeit. No one must have a plastic card.

3 o Personal Statement of Your Social Security Record -- Coupled with the card, makes it appear that there is a charge for this service. Any person can receive a summary statement of his or her Social Security earnings record without any charge.

4 o Depiction of a Social Security card as a sweepstakes ticket -- While there is no legal prohibition against such use, we find it objectionable.

Can USPS take any action in this case?

While we cannot say for sure, the offer, the mailing, and the plastic card are very similar to other schemes tried by a person named Dan Darling. Are you familiar with that name?

Any help you can give us would be appreciated. Please give me a call when you receive this note and have a preliminary idea of how USPS might proceed. I can be reached on FTS 934-1989.

Thanks very much.

John Percy
John Percy
Director
Office of Information

Attachment

SOCIAL SECURITY
PROTECTION BUREAU
WASHINGTON, DC 20069

Dear Friend:

4 **You could be a winner in the Social Security $50,000 Sweepstakes!**

Plus you're guaranteed to receive a valuable "Mystery Prize" when you help protect your social security benefits by sending your check for $7 to join the Social Security Protection Bureau.

So today complete and return the enclosed Official Social Security $50,000 Sweepstakes Coupons along with your $7 check.

Right now you may stand to collect as much as $180,000 in Social Security benefits for your first 10 years of retirement. That's why you need the Social Security Protection Bureau to help you protect this big investment. As a Bureau member, you'll be entitled to all these valuable benefits.

2 Your Personal Gold Embossed Social Security Card to replace the paper social security card you now own. If lost or stolen, paper Social Security Cards can be changed so that illegal aliens, etc. can actually use your social security number. That's why you must have a plastic Social Security Card. Our plastic cards are durable, almost impossible to alter or change, are accepted everywhere your paper card is, and can be used as proof of identification for check cashing, etc.

3 Personal Statement of Your Social Security Record which we will help you get directly from the Social Security Administration. Every year hundreds of thousands of Americans are not given proper credit for money they pay into Social Security. That's why it's so important you get a statement from Social Security which shows exactly how much you've paid in. Should there be any errors you can correct them before it's too late.

$500 Reward for information leading to the arrest and conviction of anyone who steals your Social Security Card, illegally uses your social security number, or tries to fraudulently collect your Social Security benefits.

Social Security Guide to Retirement sent to you every year. This short, easy to understand guide will keep you posted on all the different rule changes and procedures you need to know to qualify for maximum social security benefits.

Representation in Washington, D. C. to protect your Social Security Benefits. Our staff will constantly monitor proposed legislation in Washington, D.C. to make sure you won't lose any of the Social Security and Medicare benefits you're entitled to.

Your Social Security retirement benefits are too important to leave unprotected.

That's why we're offering you a chance to be a winner in the Social Security

over, please

P6522L

$50,000.00 Sweepstakes.

No payment is required to enter the Sweepstakes. However, if you send us your check for $7 or more along with your coupons, you'll be guaranteed to win a valuable "Mystery Prize" -- a prize I know you'll enjoy.

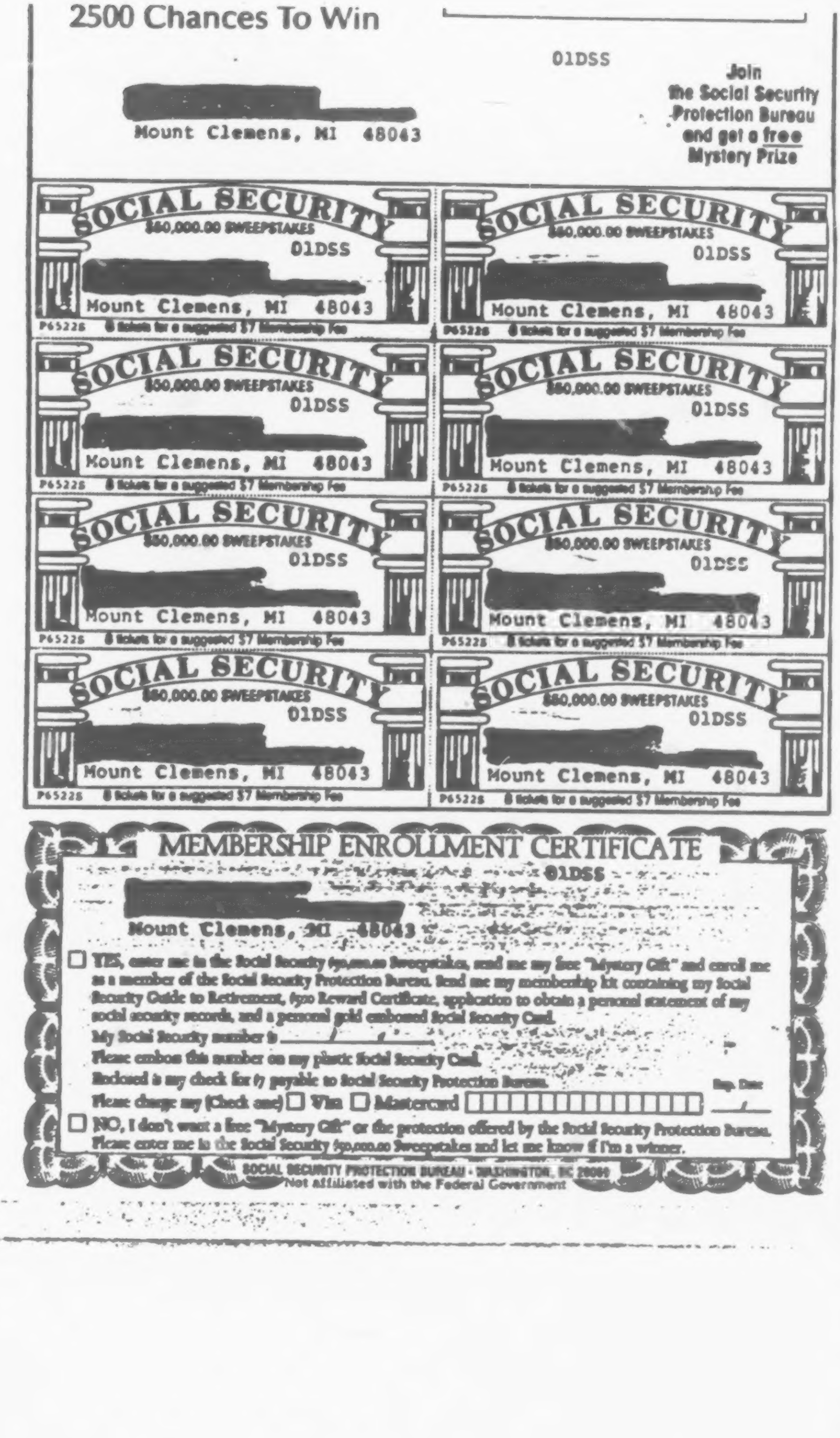
So send your Coupons and your $7 check today . . .

. . . and good luck!

Sincerely,

P. D. Morris
Program Director

4



2500 Chances To Win

01DSS

[redacted]
Mount Clemens, MI 48043

Join the Social Security Protection Bureau and get a free Mystery Prize

SOCIAL SECURITY
$50,000.00 SWEEPSTAKES
01DSS
[redacted]
Mount Clemens, MI 48043
P65225 8 tickets for a suggested $7 Membership Fee

SOCIAL SECURITY
$50,000.00 SWEEPSTAKES
01DSS
[redacted]
Mount Clemens, MI 48043
P65225 8 tickets for a suggested $7 Membership Fee

SOCIAL SECURITY
$50,000.00 SWEEPSTAKES
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SOCIAL SECURITY
$50,000.00 SWEEPSTAKES
01DSS
[redacted]
Mount Clemens, MI 48043
P65225 8 tickets for a suggested $7 Membership Fee

MEMBERSHIP ENROLLMENT CERTIFICATE

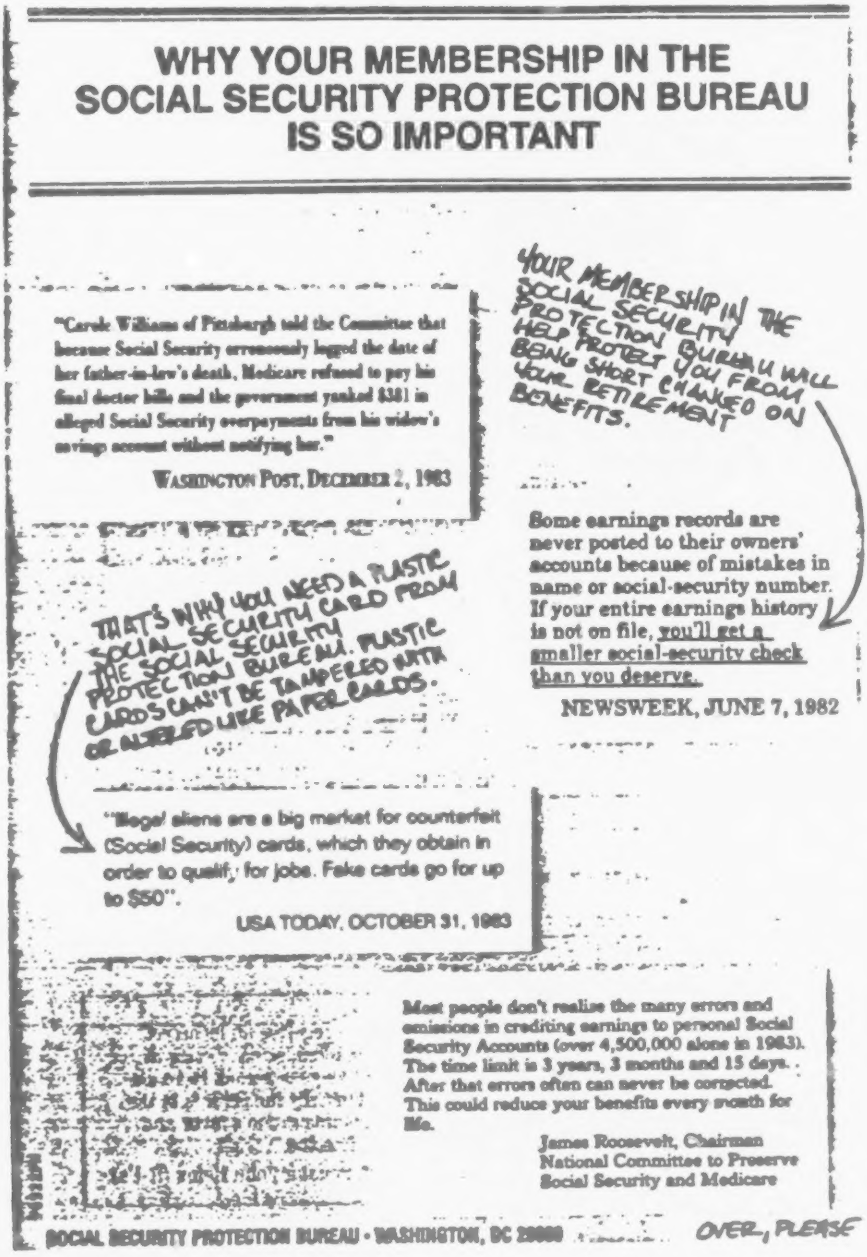
01DSS

[redacted]
Mount Clemens, MI 48043

☐ YES, enter me in the Social Security $50,000.00 Sweepstakes, send me my free "Mystery Gift" and enroll me as a member of the Social Security Protection Bureau. Send me my membership kit containing my Social Security Guide to Retirement, $50 Reward Certificate, application to obtain a personal statement of my social security records, and a personal gold embossed Social Security Card.
My Social Security number is ____/____/____
Please emboss this number on my plastic Social Security Card.
Enclosed is my check for $7 payable to Social Security Protection Bureau.
Please charge my (Check one) ☐ Visa ☐ Mastercard ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐ Exp. Date ___/___

☐ NO, I don't want a free "Mystery Gift" or the protection offered by the Social Security Protection Bureau. Please enter me in the Social Security $50,000.00 Sweepstakes and let me know if I'm a winner.

SOCIAL SECURITY PROTECTION BUREAU • WASHINGTON, DC 20069
Not affiliated with the Federal Government



WHY YOUR MEMBERSHIP IN THE SOCIAL SECURITY PROTECTION BUREAU IS SO IMPORTANT

"Carole Williams of Pittsburgh told the Committee that because Social Security erroneously logged the date of her father-in-law's death, Medicare refused to pay his final doctor bills and the government yanked $381 in alleged Social Security overpayments from his widow's savings account without notifying her."

WASHINGTON POST, DECEMBER 2, 1983

YOUR MEMBERSHIP IN THE SOCIAL SECURITY PROTECTION BUREAU WILL HELP PROTECT YOU FROM BEING SHORT CHANGED ON YOUR RETIREMENT BENEFITS.

Some earnings records are never posted to their owners' accounts because of mistakes in name or social-security number. If your entire earnings history is not on file, you'll get a smaller social-security check than you deserve.

NEWSWEEK, JUNE 7, 1982

THAT'S WHY YOU NEED A PLASTIC SOCIAL SECURITY CARD FROM THE SOCIAL SECURITY PROTECTION BUREAU. PLASTIC CARDS CAN'T BE TAMPERED WITH OR ALTERED LIKE PAPER CARDS.

"Illegal aliens are a big market for counterfeit (Social Security) cards, which they obtain in order to qualify for jobs. Fake cards go for up to $50".

USA TODAY, OCTOBER 31, 1983

Most people don't realize the many errors and omissions in crediting earnings to personal Social Security Accounts (over 4,500,000 alone in 1983). The time limit is 3 years, 3 months and 15 days. After that errors often can never be corrected. This could reduce your benefits every month for life.

James Roosevelt, Chairman
National Committee to Preserve
Social Security and Medicare

SOCIAL SECURITY PROTECTION BUREAU • WASHINGTON, DC 20000

OVER, PLEASE

Antique data-processing procedures have caused social security to fall behind in posting earnings to individual accounts.

Some people lose benefits by failing to check their records regularly. For example, your employer may put the wrong name or social security number on the statement sent to the government so that those earnings are never posted to your account. The Social Security Administration has $87.9 billion in unclaimed earnings records, some dating back to 1937.

WOMEN'S DAY, SEPTEMBER 14, 1982

A 1983 General Accounting Office Report estimated one in five beneficiaries will have at least one error in their check in five years. 60 percent won't be corrected. Unfortunately, recipients are three times more likely to be underpaid than overpaid".

USA TODAY, AUGUST 9, 1985

Don't panic, but your social security records may have been fouled up by the Social Security Administration.

An audit by the General Accounting Office two years ago left no doubts . . . The agency examined the files of 208 persons around the country who reached age 68 in October 1982 and were receiving retirement benefits. About 18% of the recipients—nearly one out of every five—had been underpaid at least once. The amounts ranged from less than $1 to more than $4,800.

CHANGING TIMES, FEBRUARY 1985

"The Social Security Administration owes 1.4 million retirees who work part time a total of more than $1 billion, the General Accounting Office said . . . government workers found that underpayments had been made in 86 percent of the cases it reviewed for 1979-80. They averaged $575 for single persons and $633 for families."

WASHINGTON POST, APRIL 26, 1983

"One in five retirees receives an incorrect payment due to an administrative error at some time over a five-year period. More disturbing yet is that usually the error is in the Social Security Administration's favor and usually it goes undetected."

U.S. Senator John Heinz (R-Pa)

DEPARTMENT OF HEALTH & HUMAN SERVICES
Social Security Administration

Refer to
Baltimore MD 21235

APR 18 1986

Federal Record Service
2021 L Street
Suite 250
Washington, D. C. 20036

ITEM 1
TAB - 4

Dear Sir:

Many copies of your direct mail solicitation to parents of newborn children have been brought to my attention. We have several concerns about your mailing.

1 The sentence beginning "New Federal legislation" infers that legislation has already been enacted. This is not the case. We believe your material should be modified to indicate that this is no more than a proposal before the Congress.

2 We also have problems with the sentence which states: "County records indicate that your newborn child has not been registered with the Social Security Administration." is misleading in that people may believe that we supply information about the birth to the county. This is not true. Neither does SSA register people in the commonly-accepted sense. We issue Social Security numbers to people upon receipt of an application and appropriate documentation. Please change this statement.

Your cooperation in this matter is appreciated.

Sincerely,

John Percy

John Percy
Director
Office of Information

FEDERAL RECORD SERVICE
2021 L STREET, SUITE 250
WASHINGTON, D.C. 20036

BIRTH RECORDS DIVISION

Important Notice:

1 **New Federal Legislation may require that all dependents be listed by Social Security Number on your income tax return.**

2 County records indicate that your newborn child has not been registered with the Social Security Administration. It is important that your child be issued a Social Security Card immediately.

Federal Record Service, a non-government agency, will handle the paperwork and clerical details for you.

If you will fill out the information requested right now on the enclosed form and return it with a check or money order for $10, we will begin to process your application immediately. The fee is our assistance charge.

If you have other dependents who do not have Social Security numbers, we will process their applications at the additional fee of $5 for each extra applicant.

You will receive a confirmation that your application is being processed in two weeks. A Social Security Card and number registered in your childs name will be mailed to you within seven weeks.

Please return the enclosed form immediately with a check or money order made payable to:

Federal Record Service

DEPARTMENT OF HEALTH & HUMAN SERVICES Social Security Administration

Refer to SXH-3 Baltimore MD 21235

JAN 25 1983

Mr. Frank Glender
Chadline, Inc.
165 Watsessing Avenue
Bloomfield, NJ 07003

[ITEM 1
TAB-5]

Dear Mr. Glender:

Several copies of your advertisement for The Social Security Monitoring Service, Inc., have been brought to my attention. Several serious problems exist with the material which must be corrected immediately.

1 We believe the name of the service -- SOCIAL SECURITY MONITORING SERVICE -- will mislead people into thinking it, and you, are somehow connected to the Social Security Administration, which is not so. The Office of the General Counsel of the Department of Health and Human Services has issued a formal ruling (a copy is enclosed) which states that such use of the term, Social Security, is improper. You should either stop using it or include a disclaimer, prominently displayed in type at least as large as the title, indicating that your organization has no connection with the Social Security Administration or any other agency of the Federal Government.

2 Our second problem with the advertisement concerns the statement that your company is authorized by the Government to obtain statements of a person's Social Security earnings record. This is not true and must also be deleted from your advertising.

3 We are also concerned that you are charging as much as $35 to perform a service which can be provided at no charge by the Social Security Administration. We suggest that your advertisements make it clear that this charge is yours and not one made by the Social Security Administration.

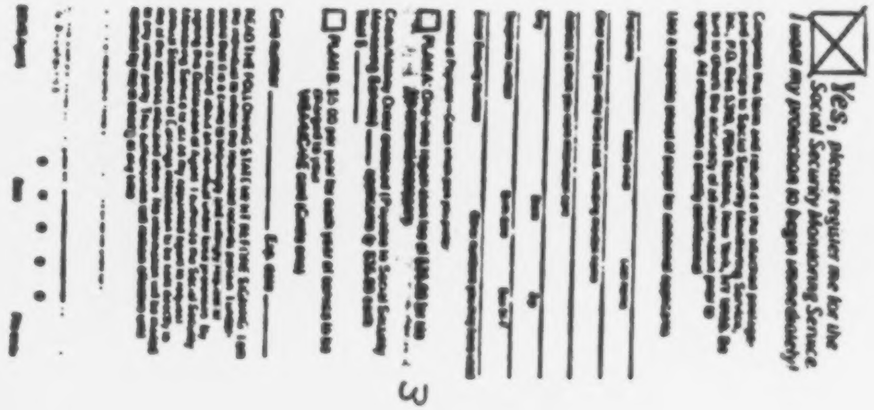
We trust that you will take immediate action to correct your advertising in light of these concerns. If not, we will ask the United States Postal Service to look into the matter. The Service has general authority to enjoin a person or organization from engaging in the conduct of a scheme to obtain money or property through the mail by false representation.

Sincerely,

/s/

Louis D. Enoff
Acting Deputy Commissioner
for Programs and Policy

Enclosure



☒ Yes, please register me for the Social Security Monitoring Service. I want my protection to begin immediately!

3

NO POSTAGE
NECESSARY
IF MAILED
IN THE U.S.

BUSINESS REPLY MAIL
FIRST CLASS PERMIT NO 5795 NEW YORK, NY

POSTAGE WILL BE PAID BY ADDRESSEE

1 Social Security Monitoring Service, Inc.
P.O. Box 5319 FDR Station
New York, NY 10150

IMPORTANT AND CONFIDENTIAL

Is Social Security *Right* About You? It's been *wrong* about millions of other Americans!

In 1983, over 6% of all individuals who checked their Social Security accounts found some form of discrepancy or error — errors which could have a direct impact on their retirement income. That means that today there are as many as 7,000,000 working Americans whose Social Security accounts are in jeopardy.

Consider this fact: According to Federal Law, the Social Security Administration is obligated to correct errors in your account only if you report them within three years, three months and fifteen days of their occurrence!

The Social Security Monitoring Service was created to help every working American receive annual copies of their Social Security file directly from the Social Security Administration. The service is performed for you automatically every year that you continue to work.

The SSMS is the first company ever authorized by the Government to perform this lifetime service. → 2

When you register with the Social Security Monitoring Service you will begin receiving annual "Statement of Earnings" reports so that you can match the accuracy of Government information with Social Security deductions taken from your paycheck. This is the only way to monitor your account!

Most importantly, all information is totally confidential. Neither the Social Security Monitoring Service nor any other party ever sees your confidential file.

As an assurance of service, each year you will receive written confirmation of our request on your behalf. This is our guarantee to you that information is being prepared for you by the Social Security Administration.

To assist you, each year you will automatically receive a pamphlet explaining:

- Maximum earnings you can count
- What to do if your records don't agree
- Information about Social Security taxes.
- [illegible] "work credit"
- [illegible] retirement [illegible]
- [illegible] early

Remember: it is your right to monitor your Social Security account... because if you don't protect yourself against government errors, who will?

Detach Envelope Here

THIS FLAP IS GUMMED - JUST FOLD, SEAL AND MAIL

Self-Monitoring is a must...

because errors can jeopardize your future.

"Everybody makes mistakes, and it's possible that some of your deductions have not been properly reported."

—McCall's Magazine

"Operations are so snarled that officials routinely circumvent the system and do 25 percent of the work by hand."

—Newsweek Magazine

"Just mailing out 36 million benefit checks each month represents a 'daily miracle.'"

—Former Social Security Commissioner John Svahn

"The crush of red tape is causing embarrassing foul-ups."

—U.S. News & World Report

"An antiquated, poorly operated system might cheat 36 million retirees (or recompense and screw up the records of 140 million workers under Social Security."

—Columnist Jack Anderson
Washington Front

"The longer you wait to check the harder it is to prove how much you've earned."

—Columnist Jane Bryant Quinn
Newsweek

HUMAN SERVICES

Social Security Administration

Refer to: SXN-3

Baltimore MD 21235

NOV 03 1983

Mr. William Wewer, Esquire
Wewer & Mahr, P.C.
1425 - 21st Street, N.W.
Washington, D.C. 20036

[ITEM 1
TAB-6]

Dear Mr. Wewer:

A copy of the most recent mailing made ~~the~~ by the National Committee to Preserve Social Security has recently come to my attention. We are appreciative that it no longer contains any reference to Social Security earnings records.

1 The current mailing contains a serious error. In the 3rd paragraph on page 2, the mailing states: "The Medicare Fund has borrowed $12.4 billion from the Social Security fund." The opposite is true. The Old-Age and Survivors Trust Fund has borrowed $12.4 billion from the Medicare Hospital Insurance Trust Fund. I would appreciate your making this correction.

2 In addition, the other checked paragraphs on pages 1 and 2 contain material presented in such a way as to be misleading. For example, according to the best available actuarial estimates, the 1983 Social Security Amendments ensure that the cash benefits programs are fully financed into the next century. These amendments drew bipartisan support. The amendments contain provisions for including up to half of a person's Social Security benefits in his or her taxable income and raising the full-benefit retirement age gradually to 67 after 2000. Describing these changes as being proposed appears misleading.

In addition, I note that you did not act on the U.S. Postal Service's request to remove the legends referring to "time dated documents" and "Important Social Security Information" from the mailing envelopes. We support their request for the reasons the Postal Service gave and ask that you delete these references.

Your cooperation in this matter is appreciated.

Sincerely,

John Percy
Director
Office of Information

JAMES ROOSEVELT
United States Congressman (Retired)

My father started Social Security. Now, we must act to Save Social Security and Medicare!

Dear Concerned American:

Will you spend 45 seconds, right now, to save Social Security and Medicare?

If your answer is "Yes," then sign and return the enclosed official certified petition to the Congress of the United States right now!

Never in the 45 years since my father, Franklin Delano Roosevelt, started the Social Security system has there been such a severe threat to Social Security and Medicare benefits.

Just consider these facts:

✓ Ronald Reagan's recently enacted "Social Security" bailout is just a stop-gap measure. It won't permanently solve the threat to assure the continued payment of our Social Security and Medicare benefits. For this assurance, we need a permanent non-political solution.

✓ The Medicare Fund faces even more severe funding problems than Social Security. Without citizen action we could lose many of Medicare's benefits.

2 ✓ Recently three United States Senators and the Budget Director recommended cutting Social Security, including the cost-of-living increases which benefit 36 million Americans.

✓ In 1982 Congress cut $17 billion from Medicare.

✓ Just recently, the National Commission on Social Security suggested taxing Social Security as ordinary income!

✓ Another proposal would increase the minimum age for receiving Social Security to 68.

✓ Three government reports now say unless we act NOW, Medicare benefits will

(continued over)

Prepared and mailed by and exclusively for the National Committee to Preserve Social Security, a nonprofit tax-exempt organization. [illegible] Washington D.C. [illegible]

have to be cut severely or the Medicare fund will go bankrupt!

✓ Last year a proposal was made to wipe out even minimum Social Security benefits for 3,000,000 (3 million) retirees.

✓ Still another proposal would have cut 40% from early retirement benefits.

1 ✓ The Medicare Fund has borrowed $12,400,000,000.00 ($12.4 Billion dollars!) from the Social Security Fund. Medicare is in so much trouble it has been unable to even pay the interest on this loan! This debt endangers both Social Security and Medicare!

In addition, Medicare now faces continuing deficits, which further threaten both these vital programs.

We, as a nation, have a solemn commitment to the tens of millions of our people who have paid into Social Security and Medicare over their long working years. These Americans are counting upon Social Security and Medicare, and they must have it, or face a crippling financial hardship.

Deep cuts will mean a dreary existance for present and future Social Security and Medicare recipients, and will create a terrible hardship on their children and grandchildren—who will somehow have to support retired family members.

Must it be so? Must we break our solemn commitments to the men and women who worked so hard, and paid their fair share into Social Security and Medicare?

No, it need not happen, not if you will join with me and millions of Americans to stop it—right now.

The politicians say we can't afford Social Security and Medicare. But, they don't say we can't afford ever increasing welfare payments.

* They don't say we can't afford millions upon millions of new South American and Asian and Haitian immigrants.

* They don't say their rich corporate buddies have to give up their tax loopholes.

* They don't say we should stop the illegal aliens who cost billions each year.

* And they don't say we can't afford the politicians' limousines and foreign junkets and billion dollar pet projects.

No. They say we can't afford Social Security and Medicare. They are saying, in effect, "Let the retired widow go without a decent meal or enough heat or health

(go to next page, please)

care. Let her live in an unsafe neighborhood, and wear shabby clothes. But please, not one less gallon of gasoline for my limousine!"

Well, we've got to show them! We must take action, by mounting a mass petition drive and forming a huge organization, to Save Social Security and Medicare.

It is my goal to deliver 1,000,000 petitions to the Congress of the United States this year alone. These Petitions demand the preservation of Social Security and Medicare, and keeping the solemn commitment they represent, for our people.

I served as Secretary to the President in the White House when my father held that office.

And I served for 11 years as a Member of the United States Congress.

So I know, better than anyone, how powerful is our "right to petition the government for a redress of our grievances."

So, please, right now, sign and mail me your petition. It has never been so necessary, so urgent, that you take action.

At the same time, please seriously consider joining your National Committee to Preserve Social Security and Medicare.

The National Committee is a non-profit, tax-exempt organization, comprised solely of concerned Americans such as yourself, who have invested a small amount to help block the rich and powerful forces who would destroy Social Security and Medicare.

The National Committee to Preserve Social Security and Medicare is non-partisan and non-governmental. We have no corporate members, no special interest group support, and no source of income other than the voluntary dues of ordinary Americans who want our nation to keep its commitment to the Social Security and Medicare programs.

As a Member, your annual dues are only $10. And for this you will receive a gold embossed personal plastic membership card, a regular newsletter which includes how your Senators and Congressmen stand on Social Security and Medicare, and other vital information on how you can help your cause.

In addition, as a Member, you will be enrolled in our Legislative Alert Service.

The Legislative Alert Service will immediately advise you, by telegram or letter,

(over, please)

of fast breaking developments in Washington with respect to the Save Social Security and Medicare programs.

Your Legislative Alert will also tell you how you can best act to help—such as by calling your Congressman's local office or sending one of your Senators an immediate letter.

And, most importantly, you will be helping to make it possible to continue our work here in The Capitol to protect, defend and improve the Social Security and Medicare Programs.

So, please act today. Mail your Officially Certified Petition to the Congress of the United States today. Hopefully, you will also join your National Committee to Preserve Social Security and Medicare at the same time—but in any case, please act today. I have enclosed a first-class, postage paid envelope for your use.

Urgently awaiting your reply, I am,

Most sincerely yours,

James Roosevelt.

James Roosevelt
United States Congressman (Retired)
Chairman, National Committee to
Preserve Social Security and Medicare

P.S. Thousands of ordinary Americans, like yourself, have invested an average of $10 to send petitions, such as the one enclosed, to concerned people all across our country. Naturally, they hope you will also join them as Members of the National Committee to Preserve Social Security and Medicare, but even if you cannot afford to join please do, at least, sign and return your petition.

If you fail to at least return your Petition, the investment of so many Americans will have gone to waste. At the same time, I will be very disappointed if we do not get enough Members to continue collecting petitions and to fund our work with the Congress, so join your fellow Americans, as a member, if you possibly can.

THE COMMISSIONER OF SOCIAL SECURITY
BALTIMORE, MARYLAND 21235

February 14, 1983

Mr. Louis A. Cox
General Counsel, Law Department
U.S. Postal Service
475 L'Enfant Plaza
Washington, D.C. 20260

Dear Mr. Cox:

The enclosed mailing from the National Committee to Preserve Social Security has come to our attention.

From the point of view of any of the 36 million Social Security recipients who might receive this mailing or that of the 116 million Americans paying taxes into the Social Security syrtem, this is, we believe, patently misleading.

We are particularly concerned over the clear implication in the mailing that only via remitting $10.00 as "dues" to this organization may a person receive a statement of his or her account of earnings "according to the official government Social Security records." In fact, this service is free to any citizen on request to the Social Security Administration.

There is an equally clear implication that only via paying an extra $2.50 for a "family membership" can two persons receive a statement of their earnings accounts.

Our recent attempts to contact this organization were to no avail. Its address is apparently nothing more than a Capitol Hill mail drop and it has no listed telephone.

I would appreciate your earliest attention to reviewing this organization's tactics.

Sincerely,

John A. Svahn

JAMES ROOSEVELT
United States Congressman (Retired)

My father started Social Security. Now, we must act to Save Social Security

Dear Concerned American:

Will you spend 45 seconds, right now, to save Social Security?

If your answer is "Yes," then sign and return the enclosed official certified petition to the Congress of the United States right now!

Never in the 45 years since my father, Franklin Delano Roosevelt, started the Social Security system, has there been such a severe threat to Social Security benefits.

Just consider these facts:

✓ Recently three United States Senators and the Budget Director recommended cutting Social Security, including the cost-of-living increases which benefit 35 million Americans.

✓ In 1982 Congress cut $17 billion from Medicare.

✓ Just recently, the National Commission on Social Security suggested taxing Social Security as ordinary income!

✓ Another proposal would increase the minimum age for receiving Social Security to 68.

✓ Last year a proposal was made to wipe out even minimum benefits for 3,000,000 (3 million) retirees.

✓ Still another proposal would have cut 40% from early retirement benefits.

✓ And, as a result of a report by a Presidential Commission, Congress is con-

(over, please)

sidering, right now, all of these and many other Social Security reduction proposals.

We, as a nation have a solemn commitment with the tens of millions of our people who have paid into Social Security over their long working years. These Americans are counting upon Social Security, and they must have it, or face a crippling financial hardship.

Deep cuts will mean a dreary existence for present and future Social Security recipients, and will create a terrible hardship on their children and grandchildren — they will somehow have to support retired family members.

Must it be so? Must we break our solemn commitments to the men and women who worked so hard, and paid their fair share, into Social Security?

No, it need not happen, not if you will join with me and millions of Americans to stop it — right now.

The politicians say we can't afford Social Security. But, they don't say we can't afford ever increasing welfare payments.

They don't say we can't afford millions upon millions of new South American and Asian and Haitian immigrants.

They don't say their rich corporate buddies have to give up their tax loopholes.

They don't say we should stop the illegal aliens who cost up to billions each year.

And they don't say we can't afford their limousines and foreign junkets and billion dollar pet projects.

No. They say we can't afford Social Security. They are saying, in effect, "let the retired widow go without a decent meal or enough heat. Let her live in an unsafe neighborhood, and wear shabby clothes. But, please, not one less gallon of gasoline for my limousine!"

Well, we've got to show them! We must take action, by mounting a mass

(go to next page, please)

petition drive and forming a huge organization, to Save Social Security.

It is my goal to deliver 1,000,000 petitions to the Congress of the United States this year alone. These Petitions demand the preservation of Social Security, and keeping the solemn commitment it represents, for our people.

I served as Secretary to the President in the White House when my father held that office.

And I served for 11 years as a Member of the United States Congress.

So I know, better than anyone, how powerful is our "right to petition the government for a redress of our grievances."

So, please, right now, sign and mail me your petition. It has never been so necessary, so urgent, that you take action.

At the same time, please seriously consider joining your National Committee to Preserve Social Security.

The National Committee is a non-profit tax-exempt organization, comprised solely of concerned Americans such as yourself, who have invested a small amount to help block the rich and powerful forces who would destroy Social Security.

The National Committee to Preserve Social Security is non-partisan and non-governmental. We have no corporate members, no special interest group support, and no source of income other than the voluntary dues of ordinary Americans who want our nation to keep its commitment to Social Security.

As a Member, your annual dues are only $10. And for this you will receive a gold embossed personal plastic membership card, a regular newsletter which includes how your Senators and Congressmen stand on Social Security and other vital information on how you can help your cause, and a FREE personal confidential computer analysis of your Social Security Account status—according to the official government Social Security records.

Your "Status of Account" is vitally important because you could lose Social Security benefits because of computer error, duplicate numbers being issued to

(continue, over)

two persons, or Social Security fraud—which is rising at an alarming rate.

In addition, as a Member, you will be enrolled in our Legislative Alert Service.

The Legislative Alert service will immediately advise you, by telegram or letter, of fast breaking developments in Washington with respect to Saving Social Security.

Your Legislative Alert will also tell you how you can best act to help—such as by calling your Congressman's local office or sending one of your Senators an immediate letter.

And finally, The National Committee to Preserve Social Security is negotiating with Lloyds of London for a very low-cost group insurance policy to cover members against the loss of Social Security benefits. As a Member, you will be entitled to participate in this insurance program.

But, most importantly, you will be helping to make it possible to continue our work here in The Capitol to protect, defend and improve the Social Security Program.

So, please act today. Mail your Officially Certified Petition to the Congress of the United States today. Hopefully, you will also join your National Committee to Preserve Social Security at the same time—but in any case, please act today. I have enclosed a first-class postage paid envelope for your use.

Urgently awaiting your reply, I am,

Most sincerely yours,

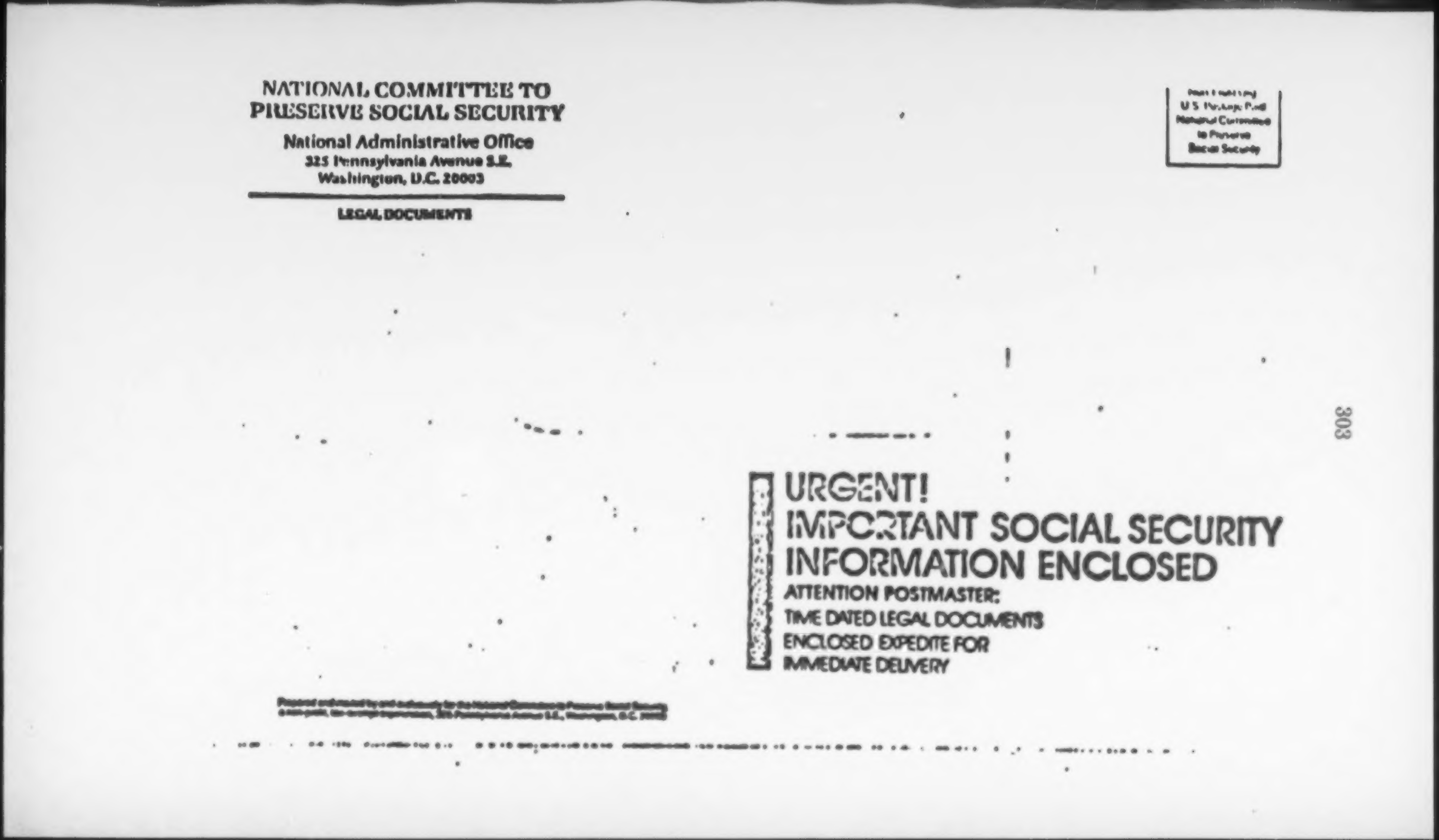
James Roosevelt

James Roosevelt
United States Congressman (Retired)
Chairman, National Committee to
Preserve Social Security

P.S. Thousands of ordinary Americans, like yourself, have invested an average of about $10 to send you the enclosed Petition. Naturally, they hope you will also join them as Members of the National Committee to Preserve Social Security, but even if you cannot afford $10 to save Social Security, please do sign and return your petition.

If you fail to at least return your Petition, the investment of so many Americans will have gone to waste. Thank you.

[illegible]



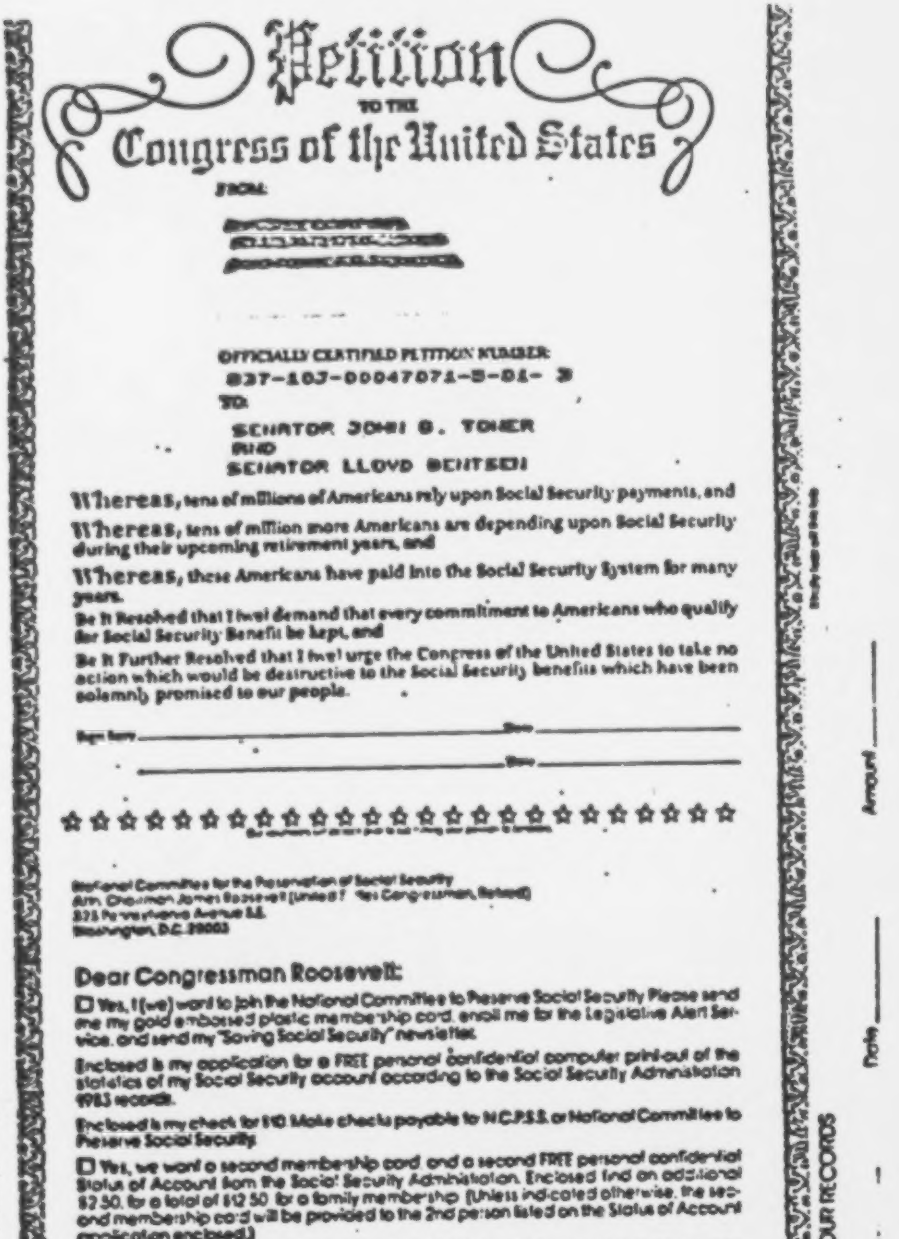
NATIONAL COMMITTEE TO
PRESERVE SOCIAL SECURITY

National Administrative Office
325 Pennsylvania Avenue S.E.
Washington, D.C. 20003

LEGAL DOCUMENTS

[illegible]
U.S. Postage Paid
National Committee
to Preserve
Social Security

URGENT!
IMPORTANT SOCIAL SECURITY
INFORMATION ENCLOSED
ATTENTION POSTMASTER:
TIME DATED LEGAL DOCUMENTS
ENCLOSED EXPEDITE FOR
IMMEDIATE DELIVERY



Petition

TO THE

Congress of the United States

FROM:

[redacted]

OFFICIALLY CERTIFIED PETITION NUMBER:
837-103-00047071-5-01- 3

TO:

SENATOR JOHN G. TOWER
AND
SENATOR LLOYD BENTSEN

Whereas, tens of millions of Americans rely upon Social Security payments, and

Whereas, tens of million more Americans are depending upon Social Security during their upcoming retirement years, and

Whereas, these Americans have paid into the Social Security System for many years.

Be It Resolved that I (we) demand that every commitment to Americans who qualify for Social Security Benefit be kept, and

Be It Further Resolved that I (we) urge the Congress of the United States to take no action which would be destructive to the Social Security benefits which have been solemnly promised to our people.

Sign here ____________________ Date __________

____________________ Date __________

☆ ☆

National Committee for the Preservation of Social Security
Attn. Chairman James Roosevelt (United States Congressman, Retired)
325 Pennsylvania Avenue S.E.
Washington, D.C. 20003

Dear Congressman Roosevelt:

☐ Yes, I (we) want to join the National Committee to Preserve Social Security. Please send me my gold embossed plastic membership card, enroll me for the Legislative Alert Service, and send my "Saving Social Security" newsletter.

Enclosed is my application for a FREE personal confidential computer print-out of the statistics of my Social Security account according to the Social Security Administration 1983 records.

Enclosed is my check for $10. Make checks payable to N.C.P.S.S. or National Committee to Preserve Social Security.

☐ Yes, we want a second membership card and a second FREE personal confidential Status of Account from the Social Security Administration. Enclosed find an additional $2.50, for a total of $12.50 for a family membership. (Unless indicated otherwise, the second membership card will be provided to the 2nd person listed on the Status of Account application enclosed.)

If you would be interested, as a Member of N.C.P.S.S., in having low-cost group insurance to guarantee your Social Security benefit payments, please place an X in this box ☐.

☐ No, I (we) can't offer $10 to help Social Security, but we have enclosed our Petition.

KEEP FOR YOUR RECORDS

Check # _____ Date _____ Amount _____

SSN

OCT 19 1982

Ms. Hilda Rosenberg
Attorney
Law Department
Consumer Protection Division
U.S. Postal Service
475 L'Enfant Plaza SW
Washington, D.C. 20260

[ITEM 1
TAB-7]

Dear Ms. Rosenberg:

The Honorable Silvio O. Conte sent us a letter (copy attached) transmitting the attached mailing from Security Service Information, P.O. Box 1535, Washington, D.C. 20012. As you can see, Congressman Conte has received several complaints about this mailing.

We, too, are very concerned. The commanding tone of the mailing; the Government -like envelope; and the offering itself concern us. One of our responsibilities is to provide Social Security and Medicare beneficiaries full and complete information about their benefits at no charge. As a matter of course, through check stuffers, publications, and other public information material, we provide up-to-date information about any changes in benefits that affect people on the rolls.

Would the Postal Service take any action in this situation? If you have any questions, please call me at FTS 934-1988. Your assistance is appreciated.

Sincerely,

John Percy
Acting Director
Office of Information

Attachments

SILVIO O. CONTE
FIRST DISTRICT, MASSACHUSETTS

COMMITTEE ON APPROPRIATIONS
RANKING MINORITY MEMBER
SUBCOMMITTEES:
TRANSPORTATION
LABOR-HEW
LEGISLATIVE
EX OFFICIO MEMBER
OF ALL SUBCOMMITTEES

COMMITTEE ON SMALL BUSINESS
SUBCOMMITTEE ON ENERGY,
ENVIRONMENT, SAFETY, AND RESEARCH

MIGRATORY BIRD
CONSERVATION COMMISSION

BOARD OF REGENTS
SMITHSONIAN INSTITUTION

Congress of the United States
House of Representatives
Washington, D.C. 20515

WASHINGTON ADDRESS:
2300 RAYBURN OFFICE BUILDING
WASHINGTON, D.C. 20515
PHONE: [illegible]

DISTRICT OFFICES:
FEDERAL BUILDING
78 CENTER STREET ARTERIAL
PITTSFIELD, MASSACHUSETTS 01201
PHONE: [illegible]

200 HIGH STREET
CENTURY PLAZA II
HOLYOKE, MASSACHUSETTS 01040
PHONE: [illegible]

October 6, 1982

Mr. John Perry, Director
Office of Information
Social Security Administration
6401 Security Boulevard
Baltimore, Maryland 22135

Dear Mr. Perry;

I am writing to you regarding a solicitation that is currently being circulated throughout my district by mail which offers periodic information on the Social Security System in return for a subscription fee.

I am enclosing for you, a copy of this solicitation as well as the envelope in which it is being mailed. Note in this letter, that Security Service Information is offering materials that are currently available from the Social Security Administration free of charge. Whats more, this mailing is being sent in envelopes which are clearly intended to resemble those in which benefit checks are sent to recipients. I have received numerous calls and letters from my constituents regarding the legitimacy of this offer, some of whom were under the impression that it came from the Social Security Administration. I understand that this is not the first time that you have encountered this type of problem, and that in the past you have had some success with the postal service in having these mailings ceased on the basis of misrepresentation. I would like to take this opportunity to ask that you investigate this matter, and pursue the avenues that you feel will yield the best results in having this mailing terminated. Additionally, I would appreciate being advised periodically,through my Pittsfield office, as to the status of your efforts in this matter.

Thanking you for your courtesy and attention to this matter, and with my warm regards, I am

Cordially yours,

Silvio O. Conte
Silvio O. Conte
Member of Congress

SOC/ccf
Enclosures

SECURITY SERVICE INFORMATION
Box 1535, Washington, D.C. 20013

In view of the many anticipated changes in both the Social Security and Medicare programs during the coming months, SECURITY SERVICE INFORMATION would like to enroll you in their current information service program.

It is the belief of SECURITY SERVICE INFORMATION that all senior Americans should have at their immediate disposal, updated pertinent information concerning Social Security and Medicare. It's to your advantage and indeed your obligation, to be aware of ALL benefits to which you are entitled.

On or about January 3, 1983, SECURITY SERVICE INFORMATION will mail to you the NEW SECURITY SERVICE INFORMATION PORTFOLIO which will include the following:

1. 1983 POCKET GUIDE TO MEDICARE
2. A PERSONAL FILE FOLDER designed to hold your Medicare explanation of benefits forms.
3. A SECURITY SERVICE INFORMATION IMPORTANT PAPERS LOCATER
4. YOUR NEW SECURITY SERVICE INFORMATION IDENTIFICATION NUMBER.
5. Also, and most importantly you will receive the SECURITY SERVICE INFORMATION NEWS LETTERS, to be issued from time to time, and mailed directly to your home. The purpose of these news letters will in a very clear, easy to understand manner, explain any major changes that may be implemented in the coming months.

Topics to be discussed include NURSING HOMES, PRESCRIPTION DRUGS, CARE AT HOME, what "ASSIGNMENT" means and how it could save you money. HOSPITALS, NURSING CARE, WHO PAYS, HOW MUCH, FOR HOW LONG and there are many other facts of which you will have a better understanding.

We are sure that you will agree this beneficial program is long overdue.
IMPORTANT: To complete your enrollment you must do the following:

1. Indicate on the enclosed card the type of membership desired

$ 7.00 for yourself only
12.00 for yourself and your spouse

This will enroll you, or you and your spouse for TWO YEARS there are NO ADDITIONAL COSTS involved. ALL POSTAGE WILL BE PAID BY SECURITY SERVICE INFORMATION. ALL MATERIAL MAILED DIRECTLY FROM WASHINGTON D.C. TO YOUR HOME.

2. Make check or money order payable to SECURITY SERVICE INFORMATION
3. RETURN CHECK AND CARD IN ENCLOSED ENVELOPE

MUST BE POSTMARKED NO LATER THAN OCTOBER 15, 1982

NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES

BUSINESS REPLY MAIL

FIRST CLASS PERMIT NO. 13303

POSTAGE WILL BE PAID BY ADDRESSEE

SECURITY SERVICE INFORMATION
P.O. BOX 1535
WASHINGTON, D.C. 20013

SXN

OCT 20 1982

Honorable Silvio O. Conte
Federal Building
78 Center Street Arterial
Pittsfield, MA 01201

Dear Mr. Conte:

This is in reply to your inquiry concerning the mailing from Security Service Information.

We are, of course, very concerned about solicitations of this type. We have seen several somewhat similar situations, misleading advertisements and direct mail solicitations offering material for sale which is available free at all Social Security Administration offices.

There is nothing that the Social Security Administration can do directly to stop this type of mail solicitation. However, in the past, we have taken several different actions. We have contacted the U.S. Postal Service for their help. They, through their Consumer Protection Division, have been successful in obtaining consent orders in several cases. In one case, an administrative law judge issued a stop-mail order against a firm. In another, criminal action was taken. We have also worked with the Federal Trade Commission in an effort to halt misleading advertising and similar practices.

We also receive information from Social Security staff in our field offices on misleading advertising in their districts. In turn, we provide suggested news releases to our offices, emphasizing the point that people do not have to spend any money to get full and accurate information about Social Security and that this information is available at any Social Security office.

In this case, we have asked the Postal Service to look into the mailings from Security Service Information. As you requested, we will keep your office informed of future developments.

Sincerely,

/s/

John Percy
Acting Director
Office of Information

APPENDIX A
ITEM 2

Copies of SSA's correspondence with organizations believed to have engaged in misleading solicitation practices are included at Tab A in the attached material. In addition, the following materials are attached:

TAB B: Status of Referrals to the U.S. Postal Service (USPS) and the Federal Trade Commission (FTC).

TAB C: Copies of SSA's correspondence with USPS and FTC.

SSA has written to several organizations in the last few years requesting that they change their solicitations, and they have voluntarily done so or have agreed to stop running the solicitations altogether. These are:

-- Guarantee Reserve Life Insurance Company (Tab 1)
-- National Home Life Assurance Company (Tab 2)
-- American Family Institute (Tab 3)
-- New Start Publications (Tab 4)
-- Frank Cawood and Associates (Tab 5)
-- Financial Collection Agencies (Tab 6)

In other cases SSA requested that organizations change their solicitations but received no reply; however, the solicitations were subsequently discontinued or SSA has received no further complaints about the organization:

-- Frasher Publishing (Tab 7)
-- National Social Security Verification Administration (Tab 8)
-- Independent Retirement Alliance (Tab 9)
-- Leadership Foundation (Tab 10)

In addition, SSA recently wrote to two firms, and has not yet received a reply:

-- Bureau of Social Security Services (Tab 11)
-- National Network, Incorporated (Tab 12)

In two instances, SSA has had mixed results; the organizations have cooperated to some extent, but have refused otherwise to take requested action:

-- National Commission to Preserve Social Security and Medicare (Roosevelt) (Tab 13)
-- Chadline (Social Security Monitoring Service) (Tab 14)

Copies of SSA's correspondence with these organizations are attached at the indicated tab.

Attachments

DEPARTMENT OF HEALTH & HUMAN SERVICES
Social Security Administration

Refer to
Baltimore MD 21235

MAY 29 1985

[TAB 2 A-1]

Mr. K. B. Andre, Jr.
President
Guarantee Reserve Life Insurance Company
530 River Oaks West
Calument City, Illinois 60409

Dear Mr. Andre:

Although we have seen many copies of your mailing featuring your "Social Security Kit" over the years, we recently have taken a fresh look at it. As a result we have a few comments on the mailing.

Our comments concern the statement about the "Social Security Record Card" on the first page of the four-page letter. The copy now states: "...accounting of the money you have deposited...." As you probably know, Social Security does not have any record of the taxes a person has paid, but only a record of that person's earnings covered by Social Security, and a statement of that record would not tell a person what "Social Security owes you!" I would appreciate it if you would make these points clear.

In addition, the illustration is that of an obsolete card. Again, I would appreciate it if your mailing would show the current card (Form SSA-7004PC). A copy of the specifications is enclosed.

Your cooperation in this matter is appreciated.

Sincerely,

John Percy
John Percy
Director
Office of Information

Enclosure

GR
GUARANTEE RESERVE LIFE INSURANCE COMPANY
[illegible] RIVER OAKS WEST ■ CALUMET CITY ILLINOIS [illegible] ■ 312 [illegible] ■ INDIANA 219 [illegible]

KENNETH B. ANDRE, JR.
President

July 2, 1985

Mr. John Percy
Director
Office of Information
Department of Health &
Human Services
Social Security Administration
Baltimore, MD 21235

Dear Mr. Percy:

Thank you for your letter commenting upon our mailing featuring the social security kit.

Your comments were appreciated. We are now in the process of revising our letter. This revised letter will illustrate the current Request for Statement of Earnings (Form SSA-7004PC). In addition, we will revise the wording on page one of the letter to read:

> "For a free statement of earnings credited to your Social Security record, just complete and send in this official record card and the Social Security Administration will send you an up-to-date record of your credited earnings."

Sincerely,

K.B. Andre, Jr.

K. B. Andre, Jr.

KBA:bb

DEPARTMENT OF HEALTH & HUMAN SERVICES
Social Security Administration

Refer to: SXN-3
Baltimore MD 21235

OCT 31 1983

National Home Life Assurance Company
Valley Forge, PA 19494

2
[TAB A-2]

Dear Sir:

The two direct mail campaigns you currently have under way--one for a Medicare supplement and the other for life insurance--are causing problems for people receiving Social Security benefits and Medicare. A large number of people have been mislead by the mailings. These people believe the Social Security Administration sent the material to them. They come into Social Security offices thinking that is where the reply cards should go. One person commented:

> "When I first read the enclosed literature, I thought: Oh, Social Security is suggesting that we increase our Social Security payment. A good idea. A careful reading brought me to a more proper conclusion: This is pretty shoddy business. People less skilled in reading could be fooled into believing that this information came from the Social Security Administration."

Information from Social Security field offices indicates that this is happening elsewhere. Therefore, we ask that you revise your mailing to make it clear that Social Security and Medicare have nothing to do with your offering. We believe you should make it clear that you are offering an insurance program, not a supplement to Social Security survivor benefits. We also ask that you remove reference to Social Security from the envelope and that your disclaimer be in larger type, displayed more prominently at the beginning of your message.

Your cooperation in this matter is appreciated. If we continue to have problems with this form of advertising, we will have no alternative than to contact the State insurance commissioner.

Sincerely,

John Percy
John Percy
Director
Office of Information

National Home Life
Assurance Company
administrative offices
Valley Forge Pennsylvania 19493

November 17, 1983

Mr. John Percy, Director
Office of Information
Department of Health
  and Human Services
Social Security Administration
Baltimore, MD 21235

Re: SXN-3

Dear Mr. Percy:

I have been asked to respond to your recent letter addressed to National Home Life Assurance Company.

In our last direct mail campaign we mailed approximately four million of the advertising package to which you refer in your letter. We have received ten letters from consumers who claim that initially they were misled into thinking that this advertising came from the government.

We would like to assure you that it is not our intention to misled anybody with our advertising; that is why we put "Not affiliated with any governmental agency" on the outside envelope and again in the slug line of the letter.

When we started to receive these letters we were on press starting to print for our First Quarter of 1984 direct mail campaign. It takes quite a long time to print five million of this type package.

We were greatly concerned because of the misconception being perceived. After all, we are an insurance company selling what we believe to be an economically priced life insurance to the older citizen. It would be of no value to us, in fact it would be detrimental, if this was thought of as something they would receive from Social Security.

We literally stopped the presses to try to correct this misconception. We had to do something rather quickly because we were in jeopardy of missing our mail date and even with the presses shut down, we were obliged to pay for the time.

We believe that the corrective measures we have taken should make it very clear to any consumer that we are not connected with Social Security.

A Missouri Stock Company
Established 1920—60 Years of Reliable Service • A Member of the National Liberty Group of Companies

We have expanded the disclaimer to read: "Not affiliated with the Social Security Administration or any governmental agency."

This new copy replaces "not affiliated with any governmental agency" on the outside envelope and the slug line of the letter.

In addition, we have also put this new disclaimer on the component that explains the benefits of the insurance.

I realize that this might be an extremely long response to your letter but we wanted you to be completely informed of all the circumstances surrounding this advertising.

We fully appreciate your concerns and want you to know that we share your concerns and are always willing to cooperate to ensure that our advertising is clear and not misleading.

Sincerely,

(Mrs.) Doris R. Scheppner
Director
Advertising Compliance

DEPARTMENT OF HEALTH & HUMAN SERVICES

Social Security Administration

Refer to: SXN-3

Baltimore MD 21235

NOV 01 1983

Social Benefits Administration
American Family Institute
2 Hamilton Avenue
Suite 201
New Rochelle, N.Y. 10801

[2
TAB A-3]

Dear Sir:

A copy of your direct mail advertising solicitation aimed at parents of college students has recently been sent to this office. We have several problems with the mailing.

In our opinion, the use of the title "Social Benefits Administration" appears to be an effort to make people believe it is somehow connected with the Social Security Administration. The Office of the General Counsel of the Department of Health and Human Services has ruled that material such as this should, at a very minimum, include a disclaimer printed in type as large as the name itself. Since you do not have such a disclaimer, we ask that you use one.

The envelope containing the advertising material is misleading because of the legend "Important Social Security Notice Enclosed." The mailing contains no Social Security notice. The only Social Security information contained in the mailing concerns past legislation eliminating benefits to students 18-22. Also, the average benefit figure of $515 used in the mailing is far too high; the actual figure is closer to $300.

We ask that you make these changes so people will know immediately that this is an insurance solicitation. Your cooperation in this matter is appreciated. If we cannot reach agreement, we will consider contacting the State insurance commissioner to point out the problems we have with the advertising package.

Sincerely,

John Percy

John Percy
Director
Office of Information

Direct Mass Marketing, inc.
[illegible] Avenue • New [illegible]

December [illegible]

Mr. John Percy
Director
Office of Information
Department of Health & Human Services
Social Security Administration
Baltimore, Maryland 21235

Reference SXN-3

Dear Mr. Percy:

We are the insurance administrators for the American Family Institute to whom you wrote recently. A copy of your letter is enclosed.

I appreciate you telling us about certain verbiage in this mailing that you take exception to. Let me assure you that the verbiage will never be used again. In fact, we never intend to make that mailing again. Therefore, I assume that there is no need for you or us to do anything further.

Cordially

DIRECT MASS MARKETING, INC.

David Reichberg

David Reichberg
President

DR/im
enclosure

DEPARTMENT OF HEALTH & HUMAN SERVICES
Social Security Administration

Refer to: SXX-3
Baltimore MD 21235

APR 24 1984

New Start Publications
℅ Robert Shindler
100 Glenn Drive
Sterling, VA 22170

[TAB 2 A-4]

Dear Mr. Shindler:

A copy of your publication, "You May Have Money Owed To You From The U.S. Government You Don't Even Know About!," has been brought to my attention. Virtually every statement concerning Social Security appearing in the book is either misleading or incorrect.

I must ask that you discontinue distributing it until you have corrected these misstatements. If you do not cooperate in this matter, we will refer the book to the U.S. Postal Service for action.

If you wish, we will be glad to work with you in correcting the errors.

Sincerely,

John Percy
John Percy
Director
Office of Information

NEW START PUBLICATIONS, INC.
100 GLENN DRIVE STERLING VIRGINIA 22170 (703) 45[illegible]-476[illegible]

May 1, 19[illegible]

Department of
Health and Human Services
John Percy Director Office of Information
Social Security Administration
Baltimore, Maryland 21235

RE: SXN-3
"You may have money
owed to you from the
U.S. Government You
Don't even know about.''

Dear Mr. Percy:

Your advice is well taken. The book in question will be discontinued as of today.

Sincerely,

Robert Shindler

DEPARTMENT OF HEALTH & HUMAN SERVICES
Social Security Administration

Refer to: SXX-3
Baltimore MD 21235

APR 24 1984

[TAB $\overset{2}{\text{A}}$-5]

PO&A
Box 2528
Department SR
Peachtree City, GA 30269

Dear Sir:

A copy of your book, "How to Collect Social Security at Any Age or Income Level," has been brought to my attention.

The book is seriously out of date and, as a result, it contains misleading and inaccurate information. I must ask that you stop selling it until you have brought the book up to date. If you do not cooperate in this matter, we will refer the book to the U.S. Postal Service for action.

In addition, we have a serious problem with the title. It could easily mislead a casual reader into thinking it is literally true, and, as you know, it is not. I ask that you choose a more appropriate title.

Sincerely,

John Percy
John Percy
Director
Office of Information

FRANK CAWOOD & ASSOCIATES
23 EASTBROOK BEND • SUITE 205 • PEACHTREE CITY GEORGIA 30269 • (404) [illegible]

May 9, 1984

Mr. John Percy, Director
Office of Information
Department of Health & Human Services
Social Security Administration
Baltimore, MD 21235

Dear Mr. Percy:

Thank you for your letter of April 24, 1984 concerning our Social Security Guidebook being out of date. We have not advertised it for sale for a number of years. A copy probably came into your possession because we recently gave away our leftovers.

We do not anticipate reprinting it. If we should publish anything else on this subject, we will certainly make sure that it is up-to-date and not misleading.

Thank you very much.

Sincerely,

Frank W. Cawood
President, FC&A

FWC/mg

JUL 13 198[illegible]

[2
TAB A-6]

Mr. Robert Prince
Vice President, Institutional Division
Financial Collection Agencies, Inc.
Suite 100 175 Strafford Avenue
Wayne, PA 19087

Dear Mr. Prince:

I recently received a copy of the brochure describing the activities of Financial Collection Agencies, Inc. Part of my responsibility is to review advertising or publicity that concerns Social Security so that the public is not mislead by the information given in such material.

On page 9, repeated on the back cover, of your brochure the Social Security Administration is included in a list of Federal Government agencies for whom your firm has apparently provided services.

I can find no record that Financial Collection Agencies, Inc. has ever provided any service to the Social Security Administation. If this is not the case, would you pleese let us know. Therefore, unless you can substantiate the mention of this agency, I ask that you delete any reference to the Social Security Administration from the brochure.

Your cooperaton in this matter is appreciated.

Sincerely,

John Percy
Acting Director
Office of Information

FINANCIAL COLLECTION AGENCIES
THE PROFESSIONAL APPROACH

FCA

Executive Office
Suite 100
175 Strafford Avenue
Wayne, Pa 19087
(215) [illegible]

July 20, 1982

Mr. John Percy
Acting Director
Office of Information
Department of Health & Human Services
Social Security Administration
Baltimore, Maryland 21235

Dear Mr. Percy:

I am in receipt of your letter indicating your concern over certain wording in our brochure, A Collection Service Program for Federal, State, County and Municipal Governments.

I assume by now that you have received the revised copy of that brochure in which that particular page has been re-done, and in fact the portion relating to areas in which we work has been completely eliminated with the exception of the local governments area. In case you have not received that brochure, I have enclosed another copy for your perusal.

If you have any further questions with regard to this brochure, please do not hesitate to contact me personally.

Very truly yours,

Robert J. Prince

Robert J. Prince
Vice President

RJP/sc

encl

Established 1926 • Offices throughout the United States, Canada and Europe

DEPARTMENT OF HEALTH & HUMAN SERVICES

Social Security Administration

Refer to SXN-3

Baltimore MD 21235

APR 29 1993

Frasher Publishing
P.O. Box #357
Riverside, CT 06878

2
[TAB A-7]

Dear Sir:

A copy of your advertisement for the book "The Complete & Easy Guide to Social Security & Medicare" has been brought to my attention.

In the ad you state: ". . .developed with the full cooperation of the Social Security Administration. . . ." I find this statement objectionable for two reasons.

First, it could be infered from the statement that the Social Security Administration endorses your book. This is certainly not the case. The Social Security Administration cannot endorse privately published books about Social Security.

The statement could well lead many people to think that your firm received a level of cooperation from the Social Security Administration in excess of the norm. Again, this is not so. The Social Security Administration provides the same level of cooperation to all publishers or writers in reviewing their material for technical accuracy.

For these reasons, I must ask you to delete this statement from your advertising. Your cooperation in this matter is appreciated.

Sincerely,

John Percy

John Percy
Director
Office of Information

Social Security Administration
Refer to
Baltimore MD 21235

NOV 14 1985

The National Social Security
Verification Administration
Suite 865
1377 K Street
Washington, D. C. 20005

[TAB 2 A-8]

Dear Sir:

Your brochure entitled "Protect Your Social Security Benefits" has been brought to my attention. It contains a number of features that are at the very least misleading, and that should be corrected.

The very name of your organization, "The National Social Security Verification Administration," suggests that you are in some fashion a part of the Social Security Administration rather than a private, profit-making business. The material you distributed does contain a disclaimer, but it is printed in type only a fraction of the size used for the name of the company. The net result is that people may be misled into thinking that you are affiliated with the Social Security Administration. In our view, you should either change the name of your organization or display the disclaimer in type at least as large as the name of your company.

Your brochure notes that "Each year (for the rest of your working life) we will notify the Social Security Administration on your behalf requesting that your earnings records be sent directly to you." This is not possible. The Internal Revenue Service precludes release of the kind of information you offer without proper authorization of the person whose earnings record is being sought, and the authorization must be received within 60 days of the time it was signed.

It would therefore not be possible for you to request the kind of information you promise to obtain each year without first obtaining the person's signed authorization for its release.

I am also concerned that people will be paying $-5 for a service that is available to them without cost from the Social Security Administration. Your brochure should make clear that this is your fee and that the Social Security Administration does not receive any part of it.

Your brochure states that it is "nearly impossible" to correct earnings record errors after 3 years. This is not literally true. There are exceptions that permit correcting a person's earnings record after that statute of limitations has expired. Enclosed are pages from the Social Security Handbook covering this subject. Please correct this.

I trust you will take whatever action is necessary to correct your advertising as outlined in this letter. I suggest you send me the revised copy of your brochure when the necessary corrections have been made.

If we do no received a positive response, we will ask the United States Postal Service to investigate the matter. The Service has general authority to enjoin a person or organization from engaging in any endeavor whose purpose it is to obtain money or property through the mails by false representation.

Sincerely

John Percy

John Percy
Director
Office of Information

Enclosures:
Pages 210-211 from the Social Security Handbook

AN EMPLOYEE'S EARNINGS RECORD may be corrected (subject to the requirements in §§ 1424-1425 if the time limit has passed) if there is acceptable evidence of wages paid to the employee. This evidence may be a statement signed by the employer, Treasury Form W-2 (Wage and Tax Statement), pay envelopes or pay slips, or personal records of the employee's wages. (See §§ 1727-1734 for a discussion of how to establish wages.) A self-employed person may establish earnings by submitting a copy of his or her tax return including the applicable schedules (see § 1410), together with evidence that the return has been filed timely with IRS (such evidence may be canceled checks, IRS receipts, or other evidence of payment of tax shown on the return). If a partnership is involved, a copy of Form 1065 should also be furnished.

IF THE EMPLOYER AND EMPLOYEE DISAGREE ABOUT THE AMOUNT OF WAGES PAID or about when they were paid, or about whether the work was covered by Social Security, The Social Security office will help to obtain evidence to settle the matter. A decision will then be made as to whether the earnings can be credited, the amount of earnings, and the period to which they should be credited. The worker will be notified of the decision and the correction, if any, made to the worker's earnings record.

THE TIME LIMIT FOR CORRECTING ANYONE'S EARNINGS RECORD is set by law. An earnings record can be corrected at any time up to 3 years, 3 months, and 15 days after the year in which the wages were paid or the self-employment income was derived. If the last day of that period falls on a Saturday, Sunday, legal holiday, or other nonwork day for Federal employees set by statute or Executive Order, the period for correction is extended to the end of the next work day. After this time limit has passed, the earnings record can be corrected only as explained below in §§ 1424-1425. "Year" means "calendar year" for wages and "taxable year" for self-employment income. The following chart illustrates how the time limit operates:

Calendar or taxable year in which wages paid or self-employment income derived	Period of correction (3 years, 3 months, and 15 days after end of calendar or taxable year)	Record of wages or self-employment income is final on this day
Calendar year 1979	1/1/80 through 4/15/83	4/16/83
Calendar year 1980	1/1/81 through 4/16/84	4/17/84
Taxable year ending 6/30/80	7/1/80 through 10/17/83	10/18/83
Taxable year ending 1/31/81	2/1/81 through 5/15/84	5/16/84

1424. EARNINGS RECORDS CANNOT BE REVISED AFTER THE TIME LIMIT HAS PASSED EXCEPT under the conditions described below and in § 1425.

A. To correct an entry established through fraud.
B. To correct a mechanical, clerical, or other obvious error.
C. To correct errors in crediting earnings to the wrong person or to the wrong period.
D. To transfer items to or from the Railroad Retirement Board (if reported to the wrong agency), or to add railroad earnings to Social Security earnings when the law permits;
E. To add wages paid in a period by an employer who made no report of any wages paid to the worker in that period.
F. To add or remove wages in accordance with a wage report filed by the employer with IRS, or, if a State or local governmental employer, with the Social Security Administration if the report is filed within the time limitation specified for assessment, refund, or credit under a State's coverage agreement;
G. To add self-employment income in a taxable year if an individual or the individual's survivor establishes that a self-employment tax return for that year was filed before the time limit ran out, and either no self-employment income for that year has been recorded in the individual's earnings record, or the self-employment income for that year has been recorded in the earnings record in an amount less than the amount reported on the self-employment tax return; and
H. To add self-employment income for any taxable year up to, but not in excess of, the amount of earnings deleted as being erroneously recorded as wages, provided a tax return reporting such self-employment income is filed within 3 years, 3 months, and 15 days after the taxable year in which these "wages" were deleted.

1425. THE EARNINGS RECORD FOR A YEAR MAY BE REVISED EVEN AFTER THE TIME LIMIT FOR THAT YEAR HAS RUN OUT, if *before* it ran out, the worker or the worker's survivor applied for benefits or requested a revision of his or her earnings record for that year. After a final decision has been made on such application or request for revision, however, the earnings record for that year may not be further revised under this provision. In the case of a request for revision of the earnings record, the only years open to correction are those for which revision has specifically been requested before the time limit ran out, and on which the time limit ran out before the date of the final decision.

"Survivor" in this section means the worker's widow (including a surviving divorced wife or surviving divorced mother), widower (including a surviving divorced husband or surviving divorced father), child, or parent

DEPARTMENT OF HEALTH AND HUMAN SERVICES

SXM-3

[illegible] 15 [illegible]

Mr. Ron Paul
Independent Retirement Alliance
122 C Street, N.W.
Suite 700
Washington, D.C. 20001

[TAB ^{2} A-9]

Dear Mr. Paul:

We recently received a copy of a letter you and the Alliance mailed concerning the Social Security program. My office is responsible for providing information to the public about Social Security, and we are greatly concerned about some of the statements in the mailing, and the tone it projects.

In particular, in saying Social Security "is still in deep, deep financial trouble" the mailer is at odds with the facts and completely overstates the case. The 1985 annual report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds states the reverse. Enclosed is a summary of the report. Please note the first sentence which states that the trust fund assets will be sufficient to pay benefits "on time well into the next century" on the basis of all four sets of economic and demographic assumptions used in making the actuarial projections about the program's future.

Perhaps as important, the mailer could mislead the public--including many beneficiaries who are old and live in tenuous economic circumstances--into believing there is a crisis in Social Security. There is not. The trustees' report clearly points this out. And you no doubt recall the President saying, when he signed the 1983 Social Security amendments into law, that the bill " . . . assures the elderly that America will always keep the promises made in troubled times a half century ago. It assures those who are still working that they, too, have a pact with the future."

[illegible] straightforward [illegible] to the public [illegible] Social Security.

Sincerely yours,

Lawrence H. Thompson
Acting Associate Commissioner
for Governmental Affairs

Enclosure

DEPARTMENT OF HEALTH & HUMAN SERVICES

Social Security Administration

Refer to: SXN-3

Baltimore MD 21235

MAY 11 1983

Ms. Martha Rountree
President
Leadership Foundation
7501 Persimmon Tree Lane
Bethesda, MD 20034

[TAB ^{2} A-10]

Dear Ms. Rountree:

For many months, we have received copies of your direct mail fund raising appeal to "Save Social Security" from people who were concerned because they thought the Social Security Administration was involved in your fund raising activities. A copy of the type of material we have received is enclosed.

In the past, the Social Security Administration has worked with the U.S. Postal Service in instances where an advertisement or mass solicitation has created undue public concern or misunderstanding. This was not done with regard to your fund raising material because it appeared to us that you were raising legitimate issues--issues that were being considered by the Congress. But, now the issues are past. The Congress has acted and legislation has been enacted which assures the financial soundness of Social Security in both the short- and long-term future. Yet, your organization continues to use the same mailing, as if the problems had not been solved.

Therefore, I hope that you will modify the material so that it reflects the present situation. Your cooperation in this matter is appreciated.

Sincerely,

John Percy

John Percy
Director
Office of Information

Enclosure

Refer to
SXN

Baltimore MD 21235

FEB 11 1987

Mr. Denny Beattie
Program Coordinator
Bureau of Social Security Services
Suite 832
1377 K Street N.W.
Washington, D.C. 20005

[TAB 2 A-11]

Dear Mr. Beattie:

A copy of your direct mail advertisement has come to my attention. I have serious problems with it.

First, the title of your organization is disturbing. It appears intended to lead the reader to assume you have some connection with the Social Security Administration (SSA), when this is not the case. The only disclaimer in your material is printed in extremely small type on the back of a flyer. To avoid possible misunderstanding by the public, we would prefer that you delete "Social Security" from your title. In lieu of that, however, we would suggest a disclaimer prominently displayed in type at least as large as your title.

Nowhere in your mailing do you indicate that SSA makes no charge to provide any person a summary of the earnings posted to his or her record. This should be made clear. Your mailing also implies that SSA takes no action to clear incorrect earnings reports. This is not the case. SSA tries diligently to make sure that correct earnings are posted to the proper record. In addition, your mailing provides an incomplete description of the statute of limitations. There are several exceptions to the rule you state that permit corrections far beyond the normal limit. This should be made clear as well.

You continually refer to a person's "Social Security account." We do not maintain accounts in the normal sense of the word. We maintain a record of the earnings covered by Social Security reported by employers or self-employed people.

These matters should be corrected and/or clarified. We would appreciate hearing from you within 45 days of the action you intend taking on the above points.

Sincerely,

Charles H. Muller
Acting Director
Office of Information

[illegible]

Refer to SXN-3

Baltimore MD 21235

FEB 24 [illegible]

National Network Inc.
350 Bedford Street, Suite C
Lakeville, MA 02347

[TAB 2 A-12]

Dear Sir or Madam:

A copy of your coupon has been brought to my attention. I have several problems with it which I hope you will correct.

First, there are no such things as "Social Security deposits." The Social Security Administration maintains records of individuals' earnings covered by Social Security. There is no record of Social Security taxes paid, if that is what you refer to.

In addition, the Government cannot recover these funds after 7 years because (a) there are no funds to recover and (b) there is no 7-year time limit. There is a statute of limitations for correction of a person's record of earnings, but 7 years is not involved.

Since there is no record of deposits, you cannot provide a copy of a "Social Security deposit record." You are apparently referring to the Summary Statement of Earnings, which the Social Security Administration provides upon request without charge. Therefore, please make it clear that the $9.50 is your charge and not that of the Social Security Administration. We would appreciate your reply within 45 days.

Sincerely,

Charles H. Mullen
Acting Director
Office of Information

[illegible] Social Security Administration

Refer to: SXN-3

[illegible]

NOV 03 1983

Mr. William Bewers, Esquire
Bewers & Mahn, P.C.
1625 - 21st Street, N.W.
Washington, D.C. 20036

[TAB^{2}A-13]

Dear Mr. Bewers

A copy of the most recent mailing made by the National Committee to Preserve Social Security has recently come to my attention. We are appreciative that it no longer contains any reference to Social Security earnings records.

The current mailing contains a serious error. In the 3rd paragraph on page 2, the mailing states: "The Medicare Fund has borrowed $12.4 billion from the Social Security fund." The opposite is true. The Old-Age and Survivors Trust Fund has borrowed $12.4 billion from the Medicare Hospital Insurance Trust Fund. I would appreciate your making this correction.

In addition, the other checked paragraphs on pages 1 and 2 contain material presented in such a way as to be misleading. For example, according to the best available actuarial estimates, the 1983 Social Security Amendments ensure that the cash benefits programs are fully financed into the next century. These amendments drew bipartisan support. The amendments contain provisions for including up to half of a person's Social Security benefits in his or her taxable income and raising the full-benefit retirement age gradually to 67 after 2000. Describing these changes as being proposed appears misleading.

In addition, I note that you did not act on the U.S. Postal Service's request to remove the legends referring to "time dated documents" and "Important Social Security Information" from the mailing envelopes. We support their request for the reasons the Postal Service gave and ask that you delete these references.

Your cooperation in this matter is appreciated.

Sincerely,

John Percy
Director
Office of Information

SOCIAL SECURITY AND MEDICARE

1300 19th Street, N.W., Suite 310, Washington, D.C. 20036

Washington, D.C.
December 28, 1983

Mr. John Percy, Director
Office of Information
Social Security Administration
Department of Health & Human Services
Baltimore, Maryland 21235

RE: National Committee to Preserve Social Security
SXN-3

Dear Mr. Percy:

Thank you for your recent letter suggesting certain modifications in the mailings made by the National Committee to Preserve Social Security. I have sent a copy of your letter to the National Committee's direct mail consultants with the request that they review your suggestions and make appropriate changes.

I appreciate your bringing these matters to my attention. Please let me know if you have any further questions or suggestions. Effective December 15, my address will be Suite 310, 1300 19th Street, N.W., Washington, D.C. 20036.

Very truly yours,

William Wewer

CC: Butcher-Forde Consulting
James-Roosevelt

WW/lf

March 27, 1984

Mr. William Wewer, Esquire
Wewer and Mahn, P.C.
Suite 300, 1300 19th Street, N.W.
Washington, D.C. 20036

Dear Mr. Wewer:

Last year we were in touch with you about mailings made by the National Committee to Preserve Social Security and Medicare. Our second letter pointed out certain errors in the Fall mailing. Your letter to me of December 28 (copy attached) pointed out that you requested the Committee's direct mail consultants to correct the mailing.

During the last 3 months, various Social Security Administration (SSA) offices throughout the country have received inquiries about the mailing. At SSA headquarters in Baltimore, we continue to receive calls from our field offices, offices of Members of the Congress, and the general public about the mailing. A copy of the latest version, received by a member of my staff on March 15, is attached. Within the last week, several Congressional offices have told us about a flood of calls regarding mailing in New England, upper New York State, and the South.

We would point out, again, that the mailing contains a serious factual error: It is that the Medicare Fund has borrowed $12.4 billion from the "Social Security Fund" and is in "so much trouble that it has been unable to even pay the interest on this loan!" As I pointed out last November, the truth is that the Old-Age and Survivors Trust Fund has borrowed $12.4 billion from the Medicare Hospital Insurance Trust Fund and repayment is assured. The error in the Petition is a scare tactic that is most unfortunate and unfair to the millions of Americans covered under Medicare.

We believe that even if this error is corrected, the mailing would still be exceedingly unfair and troublesome to the 36 million people who now receive monthly Social Security benefits. For example, we have reports of beneficiaries coming into Social Security offices offering to pay us the $10 to keep receiving their Social Security benefits. Others have expressed great concern, even fear, that benefits--which may be their only source of income--will be cut off. Our desire would be to have the Petition clearly state, preferrably in large letters, that it does not have anything to do with a person's individual Social Security benefit and that it is not correct to assume -- as many people are doing -- that failure to sign the Petition will result in loss of person's benefits.

Sincerely,

Jim Percy

John Percy, Director
Office of Information

Attachment

NATIONAL COMMITTEE TO PRESERVE
SOCIAL SECURITY AND MEDICARE

1300 19th Street, N.W. Suite 310 Washington, D.C. 20036

April 17, 1984

Mr. John Percy
Office of Information
Social Security Administration
Department of Health and Human Services
Baltimore, Maryland 21235

Re: National Committee to Preserve Social Security and Medicare

Dear Mr. Percy:

Enclosed is a copy of the current petition mailing being made by the National Committee to Preserve Social Security and Medicare (NCPSSAM). You will note that on page two we now have the Social Security fund borrowing from the Medicare fund, as you requested. Additionally, you will note that we have updated other factual representations to reflect the passage of time.

I am sorry that you disagree with our contention that both the Medicare and Social Security programs are in financial trouble. I would suggest that you coordinate your position with that of the chairman of your Board of Trustees, Treasury Secretary Donald Regan. He was quoted last week as taking the position that the Social Security Administration will run short of funds again in the 1980s. A copy of that news article is enclosed.

I also am surprised to hear that citizens are confusing NCPSSAM with the federal government. We receive up to 1,000 letters each day from the general public, and I can assure that they are very much aware that we are not a part of the federal government. In fact, most of the letters urge us to fight what they perceive as your efforts to cut their benefits or fritter away the money they have paid in Social Security taxes over the years.

I appreciate your bringing factual inaccuracies to our attention in the past, and assume that we both share the goal of preserving these two important programs, although you may disagree with the tone we take in our correspondence with the general

Mr. John Percy
April 17, 1984
Page 2

public. I hope we can continue to keep open our lines of communication, because I have found your suggestions very helpful in revising the factual representations made in our petition letters.

Best wishes.

Sincerely,

William Wewer

WW/rb

Enclosures

Refer to: SH

Baltimore MD 21235

August 28, 1984

Mr. William J. Lessard, Jr.
National Committee to Preserve
  Social Security and Medicare
1300 19th Street, N.W., Suite 310
Washington, D.C. 20036

Dear Mr. Lessard:

This is in response to your letter of August 23, which requested that we review your draft article on the 1984 OASDI Trustees Report. We have reviewed the draft and have some major problems with it, as well as many differences of opinion. We also noted that many of the purported quotes are not, in fact, quoted accurately; we recommend that you carefully review them and the references cited in the corresponding footnotes. We will not describe herein the many typographical and editorial corrections which we would make. The major problems are as follows:

1. On page 1, we do not agree that the projected safety margins "have never been so thin...." Certainly they were thinner in 1982, when the 1982 Trustees Report was projecting almost immediate bankruptcy. Also on this page, in fairness you should note that long-range costs could also be significantly lower.

2. On page 2, the OASDI trust funds do pay interest to the general fund for the "loan" of advance tax transfers (see the 1984 OASDI Trustees Report, p. 10). Also on this page, the law states that amounts owed to the HI Trust Fund are to be excluded from assets for purposes of calculating trust fund ratios under section 709 of the Social Security Act (enacted in section 143 of the 1983 amendments), but it does not mention advance tax transfers at all.

3. On page 3, you should note that the applicable threshold level for the "stabilizer" provision is 20.0 percent for years after 1988. Also, the name of the National Commission is incorrect.

4. On page 5, the procedure used to adjust the 1978 projections with regard to the loan from the HI Trust Fund is not entirely valid; this loan is much larger relative to outgo in the early years than when it was made (in 1982), and the interest payments on the loan would have affected the fund balances, although not greatly.

5. On page 6, the issue of what constitutes a "minimum" trust fund level is discussed in the 1984 Trustees Report (see p. 31). The 1981 report, which you purport to quote, actually recommends a 14-percent minimum level to protect against "normal" fluctuations in the economy. Also on this page, the discussion of the recommendations of the 1971 and 1979 Advisory Councils is oversimplified. Moreover, those recommendations were based on previous law; we can only speculate as to what the Councils would recommend today. Finally, in fairness you should note that the recommended 75-percent levels are projected to be reached within a few years; they obviously could not be attained immediately.

6. On page 8, the current employee-employer contribution rate for the OASDI program is 11.1 percent, with an additional 0.3 percent paid by the general fund of the Treasury by means of a tax credit. Also, the figure "0.5" should be "0.05."

7. On page 11, you are completely wrong in stating that the contribution rates would need to be raised "immediately" by 30 percent if the pessimistic assumptions come to pass; no immediate action would be required at all, but changes (either in contribution rates or in benefit costs) would need to be made in later years, when the cost rates would exceed the income rates. Also, the calculations shown in table 2 are based on required increases or decreases in the total income rate, not the payroll-tax rate.

In general, we believe that your fundamental point—that the financing of the OASDI program is not as sound as people believe—is nothing more than a statement of your opinion. We believe that our estimates, as reported by the Board of Trustees in their 1983 and 1984 annual reports, are adequately supported by available data; no further elaboration should be necessary. I will note, however, that actual experience since the issuance of the 1984 report has been more favorable in nearly every respect than that assumed, even for the optimistic set of assumptions.

Sincerely,

Harry C. Ballantyne

Harry C. Ballantyne
Chief Actuary

NATIONAL COMMITTEE TO PRESERVE
SOCIAL SECURITY AND MEDICARE

1300 19th Street, N.W., Suite 310, Washington, D.C. 20036 (202) 822-9459

August 23, 1984

Mr. Harry C. Ballantyne
Office of the Actuary
Social Security Administration
Security Boulevard
Woodlawn, Maryland 21235

Dear Mr. Ballantyne:

In preparing the enclosed draft analyzing the 1984 Social Security Trustees Report, I had numerous discussions with Steve Goss, Eli Donkar, Bruce Schwobel, and Jeff Kunkel. They suggested that I request the Office of the Actuary to review it and to direct my request to you.

We are somewhat late in preparing our analysis and I would appreciate a quick reply, preferably by phone. This draft is not for quotation. Thank you for your attention to this matter.

Sincerely,

Bill Lessard

William J. Lessard, Jr.

Enclosure

4 1985

Mr. William Wewer
Attorney At Law
Suite 310
1300 19th Street, N.W.
Washington, D.C. 20036

Dear Mr. Wewer:

Thank you for providing us with a draft copy of the advertisement the Committee to Preserve Social Security and Medicare plans to publish in an upcoming issue of the Reader's Digest.

As you know, we encourage people to check their earnings records about every 3 years to ensure that we have received accurate earnings information and posted it correctly. From time to time we include a reminder to this effect in public information announcements about Social Security matters. The simple post card used to check earnings records is available free to the public from any Social Security office throughout the country, and the information sent in response to the post card is also provided free of charge. We therefore believe it is neither necessary nor appropriate for the Social Security Administration (SSA) to associate itself with private organizations which use earnings verification in attempts to solicit membership and contributions.

Because of the nature of your proposed advertisement, we are not commenting on its contents and strongly object to any explicit or implied statements that SSA endorses the advertisement, cooperated in its preparation or publication, or is associated with the Committee to Preserve Social Security and Medicare. We ask, and trust that you will agree, that you disassociate SSA from the proposed advertisement.

With respect to your request for assistance in dealing with case-related issues that come to your attention from members of the public, Social Security claimants or beneficiaries, we recommend that you refer the correspondence for our direct reply to:

Social Security Administration
Office of Public Inquiries
6401 Security Boulevard
Baltimore, Maryland 21235

Finally, we would be happy to comply with your request to arrange a visit to our headquarters by Mr. Roosevelt. You can contact me (301-597-4512) or Jim Brown (202-245-1272) to make arrangements.

Sincerely,

John Trout

John Trout
Acting Executive Staff Director

Meeting Report: National Committee to Preserve Social Security and Medicare (NCPSSM)

Participants: Lynn Shiller, ELS
William (Bill) Lessard, Chief Lobbyist and Legislative Researcher, NCPSSM
Ms. Landis Neal, Director of Communications, NCPSSM

Date: December 5, 1985

Location: D.C.

Topics:

This was the first face-to-face meeting between an ELS representative and the Committee. The meeting was scheduled at the Committee's request, and lasted nearly 2 hours. Topics covered were:

- Structure and activities of NCPSSM--1.4 million members; DC staff of 11; bimonthly publication of a newsletter (which ELS will now receive); mailings to inform and raise money.
- Bill's background as a translator in the Division of International Operations; he got the NCPSSM job through a recommendation by Alan Johnston of the House Aging Committee staff.
- Function of ELS.
- Social Security concerns of NCPSSM--disinvestment of the trust funds; support of SSA as an independent agency; taxation of Social Security benefits; potential benefit cuts.

After these more routine issues, I brought up the problems SSA had with some mailings, and with the November 8 mailing in particular (copy attached). Landis said that the Committee had issued a press release letting people know December 3 checks would indeed go out. (But they weren't able to locate a copy for me).

Landis was rather defensive, though, when I said that many beneficiaries were needlessly frightened. Her response was "how many?" I said I didn't know, and that that was a secondary issue. Bill's response was "We don't apologize; disinvestments are serious business, and people need to be scared."

In spite of the Committee's defensiveness about the November 8 mailing, the meeting ended on a positive note. I briefly met several other staffers, and was added to the Newsletter mailing list.

Action Items:

The committee requested information on:

-- The number of disinvestment "occurrences."

-- The percentage of Social Security beneficiaries who will be taxed on any portion of their 1985 benefits.

Preparer of Report: Lynn M. Shiller -

SOCIAL SECURITY AND MEDICARE

1300 19th Street, N.W., Suite 501, Washington, D.C. [illegible]

August 26, 1986

Ms. Dorcas R. Hardy
Commissioner of Social Security
Social Security Administration
Baltimore, Maryland 21235

Dear Ms. Hardy:

I am general counsel to the National Committee to Preserve Social Security and Medicare (National Committee"). I recently received a copy of a letter from you dated July 1, 1986, addressed to Congressman William Hendon regarding a constituent of his, Mr. Robert L. Coyle of North Carolina. I was disturbed to read in your letter a reference which appears to indicate that you believe the National Committee's literature "contains misleading information." I dispute your characterization of our direct mail, and request that you formally withdraw it.

Every letter used by the National Committee is subjected to extraordinarily detailed staff review for accuracy. In the case of letters refering to our insurance programs, including the one attached to your July 1 letter, all text is additionally reviewed by our insurance carrier, Monumental General Insurance Company. Everyone involved in this review process is sensitive to the necessity of using direct mail which is both factually correct and not misleading.

I am very concerned that your comments could be used by certain unscrupulous parties who are opposed to the activites of the National Committee to paint our organization in an unfavorable light. We have cooperated with the Social Security Administration for more than three years, submitted advertising material for your technical review, and have exchanged private correspondence regarding certain factual issues in our letters. If you dispute the statements made in any of our materials, please point out your specific concerns and we will

August 26, 1985
Page 2

correct any errors we have made. However, I must respectfully request that you not characterize our correspondence as "misleading" to Members of Congress or others without first specifying to us exactly what you disagree with and giving us an opportunity to respond to your concerns.

In view of the fact that your letter to Congressman Hendon was mailed some weeks ago, I request a response to this letter at your soonest opportunity.

Very truly yours,

William Wewer

cc: James Roosevelt

OCT 17 1986

Mr. William Wever, Esq.
General Counsel, National Committee
  to Preserve Social Security and Medicare
Suite 501
1300 19th Street, NW.
Washington, D.C. 20036

Dear Mr. Wever:

This is in response to your letter of August 26, 1986, objecting to the characterization of your organization's literature as misleading.

In response to an inquiry from Representative William Hendon, we reviewed and commented on one of your mailings. In that mailing, it is stated that "current legislation gives no permanent solution to the funding of Social Security and icare." The National Committee's association of Social urity and Medicare financing is both misleading and unduly alarming. As you know, the Social Security cash benefits program (old-age, survivors and disability insurance--OASDI) and the Medicare hospital insurance (HI) program are financed separately. The fact is that enactment of the Social Security Amendments of 1983 restored the financial stability of the OASDI program for many years into the future.

The financial condition of the Medicare program, while admittedly less secure over the mid- and long-range future, is nevertheless sufficiently stable to allow the Administration, the Congress and the public to take orderly and considered action to meet that program's future costs. Since your material does not distinguish between the OASDI and HI programs, and their separate financing, we believe your statement is indeed misleading.

A review of the inquiries received by the Social Security Administration (SSA) reveals that your mailings have generated a considerable amount of alarm among the Social Security beneficiary population. This alarm has been fostered by the

ncy of the language used in your materials and is not
pported by the current and projected condition of the Socia
urity trust funds.

is not the only party concerned about the language of the National Committee's mailings. Members of Congress have gone on record criticizing these mailings. Advocacy organizations that share your stated goals have also publicly criticized the Committee's methods.

I am pleased that the Committee is willing to cooperate with SSA in the preparation of future materials. Our contact person is:

Mr. Ron Wylie
Acting Director
Office of Congressional and External Affairs
Room 4300, West High Rise Building
6401 Security Boulevard
Baltimore, Maryland 21235

Mr. Wylie can be reached by telephone on (301) 594-2330.

We believe that our July 17, 1986, letter to Representative Hender presented a full and factual response to his request for comments. We will be happy to address any additional concerns you may have.

Sincerely,

DORCAS R. HARDY

Dorcas R. Hardy
Commissioner
of Social Security

NATIONAL COMMITTEE TO PRESERVE
SOCIAL SECURITY AND MEDICARE

1300 19th Street, N.W., Suite 310, Washington, D.C. 20036 (202) 822-9455

January 28, 1987

Ms. Dorcas R. Hardy
Commissioner of Social Security
Social Security Administration
Baltimore, Maryland 21235

Dear Commissioner Hardy:

On October 17, 1986, and in subsequent statements to the press, you responded to my August 26 letter by continuing to assert that a recent mailing by the National Committee to Preserve Social Security and Medicare to a constituent of former Congressman William Hendon was "both misleading and unduly alarming." However, your only specific criticism of the mailing is of our factual statement that "current legislation gives no permanent solution to the funding of Social Security and Medicare."

I find your criticism especially difficult to understand since only one month later, in the November 28, 1986, edition of the Washington Times you detailed the threat to Social Security Trust Funds due to deficits in Medicare and other programs and are quoted as saying, "We must stave off the Congress from starting to look at (Social Security trust fund) dollars. That to me would be a very dangerous policy." This is precisely the message the National Committee has carried to its members.

Your other statements in the interview about the serious threat Social Security and Medicare face in this time of Gramm-Rudman-Hollings budget-cutting are also concerns shared by the National Committee—what we believe is ample cause for alarm. We are not misleading our members when we say that there are forces at work in Washington that could adversely affect the Social Security and Medicare programs.

In 1986, according to reports by the Secretary of the Senate and the Clerk of the House, the National Committee was tied with Common Cause as the second largest legislative advocate in the United States. Reputable members of Congress on both sides of the aisle have told us that they receive more grass-roots legislative correspondence from members of our committee than from all other seniors' organizations combined; they add, moreover, that our members are better informed than those of any other organization who write to them.

This is an important point. Members of the National Committee are up-to-date on Social Security and Medicare issues because these issues are vitally important to them. And, despite the condescending stereotypes of the aged, we have found that National Committee members crave information about what Washington is doing and how it will affect them. The four million members of the National Committee, in short, are tired of being told to go back to bed and keep their mouths shut in a time of turmoil. They do not want to be told that their Social Security and Medicare programs are safe and secure when they read in their daily newspapers about the latest Administration threat to gut the Medicare program, or when they learn that Rep. Newt Gingrich plans to introduce legislation that would effectively destroy the Social Security Administration and break a nation's promise to millions of present and future retirees.

In general, I feel we are in agreement about the legitimate need for concern in the present political climate. I must take issue, however, with your specific criticism of our mailing, which seems to boil down to this statement: "Since your material does not distinguish between the OASDI and HI programs, and their separate financing, we believe your statement is misleading." Again, I find this criticism difficult to understand given your comment in the December 28 Washington Times and the recent legislative history of tax rate reallocations and interfund borrowing. In 1977, 1980, 1981, and 1983 Congress enacted legislation to reallocate the tax rates and/or authorize interfund borrowing among the funds. Furthermore, the important interrelationship among the funds was clearly recognized by Treasury Secretary Baker, Health and Human Services Secretary Bowen, and the other Trustees last March 31 when they signed the 1986 annual reports of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds and of the Federal Hospital Insurance Trust Fund.

Appendix E of the 1986 OASDI Trustee's report combines the projections of the two reports to produce "actuarial estimates for the OASI, DI, and Hospital Insurance (HI) programs to facilitate analysis of the adequacy of the combined income and assets of these three trust funds relative to their combined expenditures." Appendix E goes on to describe the potential insolvency of the HI fund in the 1990s—a probability you alluded to by describing the HI Trust Fund as "admittedly less secure over the mid and long-range future"—and the relative health of the OASI and DI funds throughout the remainder of this century. The Trustees then concluded: "Thus, a reallocation of tax rates among the OASI, DI, and HI programs, or the extension of interfund borrowing authority beyond 1987, could be sufficient to prevent the potential financing problems of the HI program for a number of years."

The 1986 reports of Secretaries Baker, Bowen, and the other Trustees, as well as your own comments in the November 28 Washington Times, have recognized that there is a direct link in the fiscal fate of the three Trust Funds. This linkage should disturb all concerned with the integrity of the system since, under the Intermediate IIB Assumptions in Table E3, total OASDHI Trust Funds will be exhausted well before 2035. Indeed, the penultimate paragraph of Appendix E concludes that "for the long-range period, the estimated average (OASHDI) income rate is 68 percent (under the IIB Assumptions) of the estimated average (OASDHI) cost rate."

Both you and we recognize that 90 percent of this long-range OASDHI deficit (2.99 of the 3.43 percent of payroll deficit under the IIB assumptions) is the result of the gross underfunding of the Medicare HI Trust Fund. However, given the history of the tax rate reallocations and interfund borrowing authority, these HI Trust Fund deficits also pose a threat to the integrity of the OASDI Trust Funds. As Commissioner of Social Security, you and the Administration of the Health Care Financing Administration should join together to make clear that the Medicare HI and SMI Trust Funds need to be more adequately financed without a reduction in Medicare protections and without resorting to interfund borrowing and/or a tax rate reallocation from OASDI to HI.

Such a statement by you and the HCFA Administrator, speaking for the Administration, is especially important given the fact that the integrity of the Trust Funds was violated during the debt crises of 1984 and 1985 and that, in 1986, the Administration failed to support active efforts in both the House and the Senate to safeguard the Trust Funds during future debt ceiling crises. But to address adequately the concerns of our four million members, the Administration also needs an action plan to remove Social Security from the Gramm-Rudman-Hollings targets under which annual Trust Fund surpluses are held hostage to offset general government deficits in calculating whether or not the annual deficit reduction targets are met.

Based on these facts, the National Committee has concluded that the Social Security OASDI Trust Funds, its beneficiaries, and its employees are facing a triple jeopardy. First, because of the failure to adequately finance Medicare. Second, because of recurring debt ceiling crises. And, third, because of the Gramm-Rudman-Hollings bookkeeping stranglehold.

Therefore, the National Committee stands by its statement that "current legislation gives no permanent solution to the funding of Social Security and Medicare" and renews its request that you formally withdraw the statement you made to Congressman Hendon in your July 1, 1986, letter, as well as your subsequent intemporate remarks to the national press about the National Committee.

It is especially disturbing that following your specific criticism, to which I have now replied in great detail, you fall into critiques of the "tenor" of the National Committee's material and associate yourself with criticisms by others without either stating your specific objections or even naming the specific critics with whom you wish to be associated. Please do not be mislead by the "whispering campaigns" of organizations who are more proficient at mudslinging than at representing their members' interests on Capitol Hill.

By keeping its members informed on the issues and harnessing their combined might (especially through the use of petition), the National Committee gives its members the opportunity and ability to voice their opinion on legislation that directly affect their lives. No other seniors' group can honestly represent that it involves its members more in grass-roots legislative advocacy or better spends its members' contributions in connection with Washington representation. Through the National Committee, our members are exercising their rights as citizens of the greatest democracy on Earth. Despite the wishes of those who feel that seniors aren't capable of thinking for themselves and "shouldn't be bothered" with information about issues that concern them, our members are watching the developments in Washington and standing up for their promised benefits against those who would strip Social Security and Medicare bare in the name of cost-cutting.

General criticism of the tenor of our mailings is not constructive. If you have any real concerns please make them more specific so the National Committee can properly address them. However, if you honestly look at our letters, I think that you will find that the National Committee's statements relative to the Social Security and Medicare programs are based on solid facts supported by data from reputable sources including the Social Security Administration itself.

Although the National Committee's policy positions and points of emphasis may differ from time to time with those of the Administration, the National Committee stands ready to work with you during the 100th Congress. In addition, National Committee Chairman James Roosevelt would like to once again try to set a meeting with you at your earliest convenience.

I look forward to your early reply.

Sincerely,

William Wewer, General Counsel

WW:KS

DEPARTMENT OF HEALTH & HUMAN SERVICES
Social Security Administration
Refer to SXK-3
Baltimore MD 21235

JAN 25 1983

Mr. Frank Glander
Chadline, Inc.
165 Watsessing Avenue
Bloomfield, NJ 07003

[TAB 2 A-14]

Dear Mr. Glander:

Several copies of your advertisement for The Social Security Monitoring Service, Inc., have been brought to my attention. Several serious problems exist with the material which must be corrected immediately.

We believe the name of the service -- SOCIAL SECURITY MONITORING SERVICE -- will mislead people into thinking it, and you, are somehow connected to the Social Security Administration, which is not so. The Office of the General Counsel of the Department of Health and Human Services has issued a formal ruling (a copy is enclosed) which states that such use of the term, Social Security, is improper. You should either stop using it or include a disclaimer, prominently displayed in type at least as large as the title, indicating that your organization has no connection with the Social Security Administration or any other agency of the Federal Government.

Our second problem with the advertisement concerns the statement that your company is authorized by the Government to obtain statements of a person's Social Security earnings record. This is not true and must also be deleted from your advertising.

We are also concerned that you are charging as much as $35 to perform a service which can be provided at no charge by the Social Security Administration. We suggest that your advertisements make it clear that this charge is yours and not one made by the Social Security Administration.

We trust that you will take immediate action to correct your advertising in light of these concerns. If not, we will ask the United States Postal Service to look into the matter. The Service has general authority to enjoin a person or organization from engaging in the conduct of a scheme to obtain money or property through the mail by false representation.

Sincerely,

Louis D. Enoff
Acting Deputy Commissioner
for Programs and Policy

Enclosure

USE OF "SOCIAL SECURITY" "SSA" ACRONYM IN THE NAME OF A PRIVATE ORGANIZATION

SSR 81-31

A question has arisen, in two specific situations regarding the propriety of using the words "Social Security" or the acronym "SSA" in the title of a private organization. In the first situation, an attorney asked if the words "Social Security" could be used in the name of a proposed law firm. In the second situation, a private organization, as a result of its initials, used "SSA" as its acronym. The propriety of using "Social Security" or "SSA" depends on whether the name or acronym could reasonably be construed to mislead the public that an organization has an official connection with the Social Security Administration (SSA). Accordingly, SSA holds (1) that the words "Social Security" should not be used in the name of a private law firm which specializes in the handling of Social Security disability claims and (2) that the use of "SSA" as an acronym by a private organization would not be improper where the organization does not engage in activities which specifically relate to the concerns of SSA, and thus there is no reasonable danger of misleading the public.

A question has been raised regarding the propriety of the use of the words "Social Security" or the acronym "SSA" in the title of a private organization. This issue has arisen as a result of such use in two specific situations. The first involves a request by a private attorney to use the name "Social Security Disability Law Center, Inc." for a law firm. The firm is to specialize in the handling of Social Security disability claims. The name was selected to convey to the general public the special nature of the services that the law firm will provide. The second situation involved an organization known as Support Services Alliance, Inc. which, to reflect its initials, uses "SSA" as its acronym. The purpose of this organization is to provide information and services to small businessmen and people engaged in small-scale, moneymaking ventures. It is clear that Support Services Alliance does not routinely engage in activities which relate to the concerns of SSA.

The unauthorized use of the names or acronyms of several agencies of the Federal Government violates the criminal prohibitions found at 18 U.S.C. § 709 (1976). That statute is quite explicit with respect to its coverage. It declares unlawful the misleading and unauthorized use of names which tend to suggest a governmental connection in the fields of banking and financing, deposit insurance, credit union, farm loans, and housing. In addition, § 709 prohibits the use of the words "Federal Bureau of Investigation" or the initials "FBI", in a manner calculated to imply some relationship to that agency without its permission. In view of the detailed nature of the statute and the specificity of its coverage, the statute should be read fairly narrowly. Since § 709 fails to address the use of "Social Security" or "SSA", such use is not categorically prohibited by this statute.

However, there are several other ways in which misuse of SSA's name might legally be restricted. The first lies in the broad powers of the Federal Trade Commission (FTC) to prevent, "unfair methods of competition in commerce, and unfair or deceptive acts or practices in commerce" under 15 U.S.C. § 45 (1973). Its jurisdiction has been held to extend to a private institution's utilization of the name of an agency of the United States Government which creates the belief that the organization has an official governmental connection. *Federal Trade Commission v. Civil Service Training Bureau, Inc.*, 79 F. 2d. 113 (6th Cir. 1935). In the cited case, the court sustained a cease and desist order issued by the FTC to put an end to the defendant company's use of a name which implied an association with the Civil Service Commission where the company operated a correspondence school which offered prepping courses for the civil service examination.

In addition to the powers conferred on the FTC, most states have enacted statutes which similarly prohibit unfair trade practices as well as the misuse of another's name.[1] This is significant because the jurisdiction of the FTC includes only businesses engaged in interstate commerce whereas state statutes apply to businesses' activities which are wholly intrastate in nature. Therefore, in situations where SSA suspects that an organization is improperly using its name or acronym, it may refer such cases to appropriate State officials for appropriate action by them.

A third possible basis for restricting the use of "Social Security" or "SSA" derives from a decision of New York Federal District Court which dealt with the misuse of the acronym of a Federal Agency. *United States v. U.S.I.A. Homes, Inc.*, 409 F.Supp. 423 (E.D. N.Y. 1976). This court *held* that despite the inapplicability of 18 U.S.C. § 709, an organization's use of a name which creates a false impression of a governmental association in the public mind is improper and could be enjoined by a court under its general equity powers.

Applying the foregoing general legal principles to the two situations under consideration, SSA believes that the propriety of the use of "Social Security" or "SSA" depends on whether the name or acronym could reasonably be construed to mislead the public that an organization has an official connection with the Social Security Administration. Accordingly, SSA believes that a law firm named Social Security Disability Law Center, Inc., specializing in the handling of disability claims, could mislead the general public into believing that the law firm is associated with the Federal Agency of that same name. Moreover, the proposed name, which would most likely give the law firm a significant competitive advantage, was likely chosen just for that purpose. Therefore, SSA believes that the attorney should refrain from using the words "Social Security" in the name of the firm.[2] On the other hand, the use of the acronym "SSA" by Support Service Alliance, Inc. is not improper because the acronym would not likely have the effect of conveying to the public generally that the organization has an official connection with the Social Security Administration.[3]

---

[1] See e.g., N.Y. Gen. Bus. Law § 133 (McKinney 1968); and PA. STAT. ANN. Tit. 73 § 201-1 (Purdon 1971).

[2] Were an attorney to use the words "Social Security", then at a minimum he or she should indicate, on all stationary and advertising, in type as prominent as the name itself, that the law firm is a private corporation not associated with SSA.

[3] A question has also been raised regarding the use of the acronym SSA by a State Social Services Administration. While admittedly confusing, it does not appear to be improper inasmuch as the cited authorities prohibit such use only by a private organization seeking to reap commercial gains by deceiving the public that it has a governmental connection.

[TAB 2-B]

SSA referred the following organizations to the United States Postal Service:

ORGANIZATION	DATE REFERRED	STATUS
Liberty Publishing	3/21/85	CLOSED--Not Actionable
Classified Report	6/2/82	Secured False Representation Order
Franklin House	6/25/85	Being Monitored for Compliance With Consent Agreement
Security Service Information	10/19/82	CLOSED--Not Actionable
Federal Record Service	5/15/86	Negotiating Voluntary Compliance With Postal Laws and Regulations
National Committee to Preserve Social Security and Medicare	2/14/83	Secured Voluntary Compliance With Postal Laws and Regulations
Social Security Protection Bureau	8/15/86	CLOSED--Not Actionable
Plastic Card Center	4/6/83	CLOSED--Not Actionable

SSA referred the following organizations to the Federal Trade Commission:

ORGANIZATION	DATE REFERRED	STATUS
Nationwide Social Security Information Services	10/22/81	CLOSED--Not Actionable
Plastic Card Center (Dan Darling)	12/1/82	FTC Wrote to Dan Darling Requesting Voluntary Compliance; Since That Time Neither SSA Nor FTC Has Received Complaints About His Firm

Over the last few years SSA has referred several organizations' practices to the USPS. Copies of SSA's correspondence with USPS involving the following organizations are attached:

[TAB 2 C]

- -- Liberty Publishing (Tab 1)
- -- Classified Reports (Tab 2)
- -- Franklin House (Tab 3)
- -- Security Service Information (Tab 4)
- -- Federal Record Service (Tab 5)
- -- National Committee to Preserve Social Security and Medicare (Tab 6)
- -- Social Security Protection Bureau (Tab 7)
- -- Plastic Card Center (Dan Darling) (Tab 8)

I would like to point out that SSA's only referral of NCPSSM's solicitation practices to USPS occurred in 1983. Because SSA was unable to establish contact with the organization, there was no correspondence with NCPSSM prior to the referral.

SSA has referred several organizations' practices to the FTC. Copies of correspondence with FTC involving these organizations are attached:

- -- Nationwide Social Security Information Services (Tab 9)
- -- Plastic Card Center (Tab 10)
- -- Federal Record Service, Federal Information Registry and Assistance Service and National Committee to Preserve Social Security and Medicare (Tab 11)

UNITED STATES POSTAL SERVICE
Law Department
475 L'Enfant Plaza SW
Washington DC 20260-1100

AG:bcc:790

March 21, 1985

Mr. John Percy, Director
Office of Information
Social Security Administration
Baltimore, Maryland 21235

[TAB 2 C-1]

Dear Mr. Percy:

I have reviewed the Liberty Publishing advertisement which you gave me last week. The advertisement, on its face, does not strike me as actionable. However, please don't hesitate to contact me if you have complaints regarding the product or refunds, or if you care to discuss the matter further.

I enjoyed meeting you very much and, as we discussed last Friday, will be happy to review any guidelines for your regional offices you might prepare regarding our program.

Sincerely,

Anne Gallant
Consumer Protection Division

Refer to SXN-3

Baltimore MD 21235

MAY 04 1984

Ms. Anne Gallant
Attorney
Consumer Protection Division
Law Department
United States Postal Service
475 L'Enfant Plaza, SW
Washington, D.C. 20260

Dear Ms. Gallant:

Enclosed are all parts of the Liberty Publishing direct mail package as we received them from a field office. I'm sorry we failed to enclose all the material with our original letter.

Sincerely,

for: Juanita Jennings
John Percy
Director
Office of Information

Enclosures

Refer to: SXN-3

Baltimore MD 21235

APR 23 1984

Ms. Hilda Rosenberg
Attorney
Consumer Protection Division
Law Department
United States Postal Service
475 L'Enfant Plaza, SW
Washington, D.C. 20260

Dear Ms. Rosenberg:

It appears that an old friend of ours is acting up again. I refer to Liberty Publishing, "The Amazing Lost Money Secret of the U.S. Government," and to the consent order (P.S. Docket No. 11/136) you obtained in this case.

In recent weeks we have received several copies of the firm's current direct mail advertisement. As far as we can tell the mailing has not been changed since it was developed in 1982. Therefore, it contains statements that are no longer true. I've marked them on the enclosure. Also, we have not reviewed or seen their publication since then.

Can any action be taken? I'd appreciate hearing what you think of the situation. You can reach me on FTS 934-1989.

Sincerely,

John Percy
Director
Office of Information

Enclosure

UNITED STATES POSTAL SERVICE
475 L'Enfant Plaza SW
Washington, DC 20260

[illegible]

February 25, 1983

Mr. John Percy
Acting Director
Office of Information
Social Security Administration
Dept. of Health & Human Services
Baltimore, Maryland 21235

Dear Mr. Percy:

Thank you for sending me the recent Liberty Publishing Company advertisement along with your letter of February 14, 1983. The advertisement does not appear to me to make the misrepresentations alleged in the original complaint against Liberty Publishing. In essence, the misrepresentations alleged were: 1) that any purchaser of the book will be able to obtain a minimum of $500 in new benefits from Social Security or Medicare as a result of reading the book; 2) information about Social Security and Medicare is not readily available to the ordinary person and is not freely made available to the public by the U.S. Government. Although this new advertisement comes close to making the second representation, I don't think it quite does. Rather, the new advertisement emphasizes that most people are uninformed about Social Security and Medicare, but does not seem to represent that information is unavailable from or withheld by the U.S. Government.

However, there are other aspects to the consent agreement which are important: Liberty Publishing must furnish its product to a purchaser within thirty days of Liberty's receipt of payment; Liberty must refund the full purchase price within seven days of a purchaser's request for refund; previously inaccurate statements in the book about Social Security and Medicare should have been corrected.

If your office receives any complaints regarding the above matters, I would appreciate being informed of them.

Again, many thanks for your interest and concern in this matter.

Sincerely,

Anne Gallant
Anne Gallant
Consumer Protection Division
Law Department

JUN 26 1981

Gilbert C. Fisher
U. S. Department of Health and Human Services
Social Security Administration
Baltimore, Maryland 21235

Dear Mr. Fisher:

We filed today the enclosed complaint against Liberty Publishing, a tradename employed by Adelphi Marketing. The false advertising claims are set out in paragraph III and reflect the information provided by your staff after reviewing Liberty's book.

In the event this matter cannot be settled, I would be very grateful if you or someone from your office could testify about SSA's extensive information services and, briefly, about those items in the book that are obsolete or seriously inaccurate.

As soon as a hearing date is set or other developments occur in the case, I will let you know.

Sincerely,

/s/

Sandra C. McFeeley
Attorney
Consumer Protection Division
Law Department

bcc: Kathy Deighman
Senate Committee on Agriculture

Richard Lehrman
House of Representatives Select
Committee on Aging

GENERAL COUNSEL
Law Department
Washington DC 20260-1100

HR:ha

June 2, 1982

[TAB C-2 2]

Gilbert Fisher
Director
Office of Information
Social Security Administration
Baltimore, Md. 21235

Dear Mr. Fisher:

On May 26, 1982, the United States Postal Service issued a False Representation Order against Classified Reports, for its promotion of the Government Giveaway Guide. Finding that Classified Reports had conducted a scheme to obtain money through the mails by means of false representations, the Postal Service concluded that the firm was in violation of 39 U.S.C. § 3005. The False Representation Order forbids delivery to the firm of mail which contains orders and payment for the Guide and directs the postmaster to return such mail to customers. To inform the consumer of the reason for the return, the mail is first marked "Return to Sender; Order Issued Against Addressee For Violation of False Representation Law." The Order also adopts the Initial Decision of the Administrative Law Judge (which I sent to you on May 13, 1982) as the final Postal Service Decision.

Once again, thank you for your assistance. I will be glad to discuss the Postal Service Decision and False Representation Order with you in greater detail. Please feel free to call me at 245-5897.

Sincerely,

Hilda Rosenberg

Hilda Rosenberg
Attorney
Consumer Protection Division
Law Department

GENERAL COUNSEL
Law Department
Washington DC 20260

HR:ha

May 13, 1982

Gilbert Fisher
Director
Office of Information
Social Security Administration
Baltimore, Md. 21235

Dear Mr. Fisher:

Many thanks for your assistance with the United States Postal Service case against Classified Reports, promoter of the Government Giveaway Guide.

As you can see, we have received a very favorable Initial Decision. It is, however, tentative and may still be appealed by the firm. The remedial order (the last page of the Initial Decision) will not issue until either the appeal period passes or the issues on appeal are decided. I will, of course, inform you of the final outcome of the case.

I thoroughly enjoyed working with you on this case. Please feel free to call me at 245-5897, if you have any questions.

Very truly yours,

Hilda Rosenberg

Hilda Rosenberg
Attorney
Law Department
Consumer Protection Division

Enclosure

DEPARTMENT OF HEALTH & HUMAN SERVICES

Social Security Administration

Refer to

Baltimore MD 21235

JAN 25 1985

Ms. Hilda Rosenberg, Attorney
Consumer Protection Division
Law Department
United States Postal Service
475 L'Enfant Planza, SW
Washington, D.C. 20260

[TAB^{2} C-3]

Dear Ms. Rosenberg:

Information in our files indicates that Franklin House of Fort Lee, NJ, signed a consent order April 29, 1981, concerning its advertising for the book, "The Amazing Lost Money—Secret of the U.S. Government." In late 1984, we received the attached direct mail advertisement for this book. The direct mailing has not been changed sinnce 1982. Although the information about Social Security was correct at the beginning of that year—except for reference to students 18-22--it is no longer because of the passage of time and subsequent legislation.

Can any action be taken at this time? If it can, I'd appreciate hearing about it.

Sincerely,

John Percy
John Percy
Director
Office of Information

Enclosures

UNITED STATES POSTAL SERVICE
475 L'Enfant Plaza SW
Washington DC 20260

April 12, 1982

Ms. Juanette Jernigan
Office of Information
Social Security Administration
Department of Health & Human
 Services
124 Altmeyer Building
6401 Security Boulevard
Baltimore, MD 21235

Dear Ms. Jernigan:

Thank you so much for the careful review of the literature which I sent you a few weeks ago. We are in the process of working out a consent agreement in the case In the Matter of the Complaint Against Liberty Publishing; your review of the product was a great help.

Sincerely,

Anne Gallant

Anne Gallant
Attorney
Consumer Protection Division
Law Department

SXN

OCT 13 1982

Ms. Hilda Rosenberg
Attorney
Law Department
Consumer Protection Division
U.S. Postal Service
475 L'Enfant Plaza SW
Washington, D.C. 20260

[TAB 2 C-4]

Dear Ms. Rosenberg:

The Honorable Silvio O. Conte sent us a letter (copy attached) transmitting the attached mailing from Security Service Information, P.O. Box 1535, Washington, D.C. 20012. As you can see, Congressman Conte has received several complaints about this mailing.

We, too, are very concerned. The commanding tone of the mailing; the Government-like envelope; and the offering itself concern us. One of our responsibilities is to provide Social Security and Medicare beneficiaries full and complete information about their benefits at no charge. As a matter of course, through check stuffers, publications, and other public information material, we provide up-to-date information about any changes in benefits that affect people on the rolls.

Would the Postal Service take any action in this situation? If you have any questions, please call me at PTS 934-1988. Your assistance is appreciated.

Sincerely,

John Percy
Acting Director
Office of Information

Attachments

SXN

OCT 20 1982

Honorable Silvio O. Conte
Federal Building
78 Center Street Arterial
Pittsfield, MA 01201

Dear Mr. Conte:

This is in reply to your inquiry concerning the mailing from Security Service Information.

We are, of course, very concerned about solicitations of this type. We have seen several somewhat similar situations, misleading advertisements and direct mail solicitations offering material for sale which is available free at all Social Security Administration offices.

There is nothing that the Social Security Administration can do directly to stop this type of mail solicitation. However, in the past, we have taken several different actions. We have contacted the U.S. Postal Service for their help. They, through their Consumer Protection Division, have been successful in obtaining consent orders in several cases. In one case, an administrative law judge issued a stop-mail order against a firm. In another, criminal action was taken. We have also worked with the Federal Trade Commission in an effort to halt misleading advertising and similar practices.

We also receive information from Social Security staff in our field offices on misleading advertising in their districts. In turn, we provide suggested news releases to our offices, emphasizing the point that people do not have to spend any money to get full and accurate information about Social Security and that this information is available at any Social Security office.

In this case, we have asked the Postal Service to look into the mailings from Security Service Information. As you requested, we will keep your office informed of future developments.

Sincerely,

John Percy
Acting Director
Office of Information

COMMITTEE ON APPROPRIATIONS
RANKING MINORITY MEMBER
SUBCOMMITTEES
TRANSPORTATION
LABOR-HEW
LEGISLATIVE
EX OFFICIO MEMBER
OF ALL SUBCOMMITTEES

COMMITTEE ON SMALL BUSINESS
SUBCOMMITTEE ON ENERGY,
ENVIRONMENT, SAFETY, AND RESEARCH

MIGRATORY BIRD
CONSERVATION COMMISSION

BOARD OF REGENTS
SMITHSONIAN INSTITUTION

Congress of the United States
House of Representatives
Washington, D.C. 20515

[illegible]
PHONE 202-225-5335

DISTRICT OFFICES
FEDERAL BUILDING
78 CENTER STREET ARTERIAL
PITTSFIELD, MASSACHUSETTS 01201
PHONE 413-442-0946

187 HIGH STREET
CENTURY PLAZA II
HOLYOKE, MASSACHUSETTS 01040
PHONE 413-532-7010

October 6, 1982

Mr. John Perry, Director
Office of Information
Social Security Administration
6401 Security Boulevard
Baltimore, Maryland 22135

Dear Mr. Perry;

I am writing to you regarding a solicitation that is currently being circulated throughout my district by mail which offers periodic information on the Social Security System in return for a subscription fee.

I am enclosing for you, a copy of this solicitation as well as the envelope in which it is being mailed. Note in this letter, that Security Service Information is offering materials that are currently available from the Social Security Administration free of charge. Whats more, this mailing is being sent in envelopes which are clearly intended to resemble those in which benefit checks are sent to recipients. I have received numerous calls and letters from my constituents regarding the legitimacy of this offer, some of whom were under the impression that it came from the Social Security Administration. I understand that this is not the first time that you have encountered this type of problem, and that in the past you have had some success with the postal service in having these mailings ceased on the basis of misrepresentation. I would like to take this opportunity to ask that you investigate this matter, and pursue the avenues that you feel will yield the best results in having this mailing terminated. Additionally, I would appreciate being advised periodically,through my Pittsfield office, as to the status of your efforts in this matter.

Thanking you for your courtesy and attention to this matter, and with my warm regards, I am

Cordially yours,

Silvio O. Conte

Silvio O. Conte
Member of Congress

SOC/ccf
Enclosures

May 15, 1986

NOTE TO FILE

[TAB 2 C-5]

SUBJECT: Telephone call from Hilda Rosenberg

Hilda called about our letter re Federal Records Service (copy attached). She said that USPS has an investigation going and she had turned the letter and attached materials over to the USPS investigator, Tim Mahoney. He works out of the Philadelphia regional office.

Tim may or may not be in touch with us. She will be after the investigation is complete.

Tim's telephone number is 215-481-4000.

Jim P.
Jim Percy

Attachment

cc:
Jim Brown
Juanette Jernigan
Fred Young

MAY 1 [illegible]

To: Ms. Hilda Rosenberg
Attorney
Consumer Protection Division, USPS

Re: Mailing from the "Federal Records Service"

This firm, with a Washington, D.C. address, apparently has been blanketing the country with a direct mailing advertisement. A copy is attached. As you can see, the mailing offers to take care of the paperwork required to obtain a Social Security number for newborn infants for a fee of $10.

We have written Federal Records Service about two of the sentences in the mailing (a copy of the letter is attached). We have received copies of the mailing from many of our field offices, inquiries from the media, and calls from Congressional staffs. All express great concern about this activity.

Can the Postal Service take any kind of action in this situation? My understanding is that we are limited in the actions we can take, primarily to try and offset the affects of a mailing such as this by publicizing SSA's free services and, in this case, the fact that there is not yet Federal legislation which would "require that all dependents be listed by Social Security Number on your income tax return."

I would appreciate your advice. Thanks very much.

John Percy
John Percy
Director
Office of Information,
OGA, SSA

Attachments

FEDERAL RECORD SERVICE

2021 L STREET, SUITE 250
WASHINGTON, D.C. 20036

BIRTH RECORDS DIVISION

Important Notice:
New Federal Legislation may require that all dependents be listed by Social Security Number on your income tax return.

County records indicate that your newborn child has not been registered with the Social Security Administration. It is important that your child be issued a Social Security Card immediately.

Federal Record Service, a non-government agency, will handle the paperwork and clerical details for you.

If you will fill out the information requested right now on the enclosed form and return it with a check or money order for $10, we will begin to process your application immediately. The fee is our assistance charge.

If you have other dependents who do not have Social Security numbers, we will process their applications at the additional fee of $5 for each extra applicant.

You will receive a confirmation that your application is being processed in two weeks. A Social Security Card and number registered in your childs name will be mailed to you within seven weeks.

Please return the enclosed form immediately with a check or money order made payable to:

Federal Record Service

FEB 28 7 08 AM '83

GENERAL COUNSEL
Law Department
Washington, DC 20260-1100

LAC:he

February 22, 1983

Honorable John A. Svahn
Commissioner of Social Security
Baltimore, Maryland 21235

[TAB 2 C-6]

Dear Mr. Svahn:

I am writing in response to your letter of February 14, 1983 in which you expressed your concern that the membership solicitation literature used by the National Committee to Preserve Social Security contained misleading information.

The Committee, through its attorney, Mr. William Wewer, has offered to take action to correct any implication in its materials that the only way to secure a statement of earnings is by paying $10.00 in dues to this organization. The attached letter which our office forwarded to Mr. Wewer outlines the steps the Committee has agreed to take and states that we find them to be an acceptable resolution to the problem.

Thank you for bringing this matter to our attention.

Sincerely,

Louis A. Cox

Enclosure

UNITED STATES POSTAL SERVICE
475 L'Enfant Plaza SW
Washington, DC 20260

WR:ph

William Wewer, Esquire
Wewer & Mahn, P.C.
1425 - 21st Street, N.W.
Washington, D.C. 20036

Re: National Committee to Preserve
Social Security

~~Dear Mr. Wewer:~~

As you know, the Commissioner of Social Security has recently expressed his concern to us that the membership solicitation literature of your client, the National Committee to Preserve Social Security, is misleading. He has stated that the materials imply that one may receive a statement of earnings only by remitting $10.00 in dues to the organization, when in fact the statement is furnished by the Social Security Administration to any citizen free-of-charge.

We have reviewed the Committee's literature which you forwarded to us, and find acceptable the measures which you have proposed to remedy this problem. Specifically, you offered to send persons who have responded to the organization's literature a letter explaining that it was not necessary to join the Committee to receive a statement of earnings and that you will refund the $10.00 remitted if they so desire. We would appreciate your sending our office a copy of this explanatory letter. Moreover, you agreed to indicate in future mailings that one need not join the Committee to obtain such a statement but may secure it free-of-charge directly from the Social Security Administration, and to urge recipients to obtain their statements, periodically.

We would further advise you to consider changing the legend on your envelope. The indication that Social Security information is enclosed together with the notation "time dated legal documents" may suggest to the recipient that the envelope contains official information pertaining to his/her individual benefits and therefore, requiring immediate attention.

We appreciate the fact that you took the initiative to resolve this matter.

Sincerely,

Wilda Rosenberg
Attorney
Consumer Protection Division

THE COMMISSIONER OF SOCIAL SECURITY
BALTIMORE, MARYLAND 21235

February 14, 1983

Mr. Louis A. Cox
General Counsel, Law Department
U.S. Postal Service
475 L'Enfant Plaza
Washington, D.C. 20260

Dear Mr. Cox:

The enclosed mailing from the National Committee to Preserve Social Security has come to our attention.

From the point of view of any of the 36 million Social Security recipients who might receive this mailing or that of the 116 million Americans paying taxes into the Social Security syrtem, this is, we believe, patently misleading.

We are particularly concerned over the clear implication in the mailing that only via remitting $10.00 as "dues" to this organization may a person receive a statement of his or her account of earnings "according to the official government Social Security records." In fact, this service is free to any citizen on request to the Social Security Administration.

There is an equally clear implication that only via paying an extra $2.50 for a "family membership" can two persons receive a statement of their earnings accounts.

Our recent attempts to contact this organization were to no avail. Its address is apparently nothing more than a Capitol Hill mail drop and it has no listed telephone.

I would appreciate your earliest attention to reviewing this organization's tactics.

Sincerely,

John A. Svahn

UNITED STATES POSTAL SERVICE
Law Department
475 L'Enfant Plaza SW
Washington, DC 20260-1100

AG:bae.Percy

August 15, 1986

Mr. John Percy, Director
Office of Information
Department of Health & Human Services
Social Security Administration
Baltimore, MD 21235

2
[TAB C-7]

Dear Mr. Percy:

This responds to your memorandum to Hilda Rosenberg dated August 7, 1986. Hilda is currently detailed to the U.S. Attorney's Office in Washington, D.C. She will be a special assistant there until early October of this year.

I have forwarded the information you sent her to the Inspector Attorney in charge of the region which includes Washington, D.C. He will review it to see if a § 3005 investigation is appropriate.

Sincerely,

Anne Gallant

Anne Gallant
Consumer Protection Division

cc:
Timothy J. Mahoney
Eastern Region
P.O. Box 3000
Bala Cynwyd, PA 19004

August 7, 1986

TO : Ms. Hilda Rosenberg

SUBJECT: Misleading Ad Mailing--ACTION

Again, we look to you for help. We have received copies of the attached mailing from offices in West Virginia, Illinois and Michigan. Our problems are the following:

- Use of Social Security in the firm's name, -- In our opinion, it's an effort to identify with the Social Security Administration, even though there are a couple of disclaimers (in very small type). We do not think the disclaimers are sufficient.

- Saying the person MUST have a plastic Social Security card -- Social Security cards are now printed on banknote paper to make them more difficult to alter or counterfeit. No one must have a plastic card.

- Personal Statement of Your Social Security Record -- Coupled with the card, makes it appear that there is a charge for this service. Any person can receive a summary statement of his or her Social Security earnings record without any charge.

- Depiction of a Social Security card as a sweepstakes ticket -- While there is no legal prohibition against such use, we find it objectionable.

Can USPS take any action in this case?

While we cannot say for sure, the offer, the mailing, and the plastic card are very similar to other schemes tried by a person named Dan Darling. Are you familiar with that name?

Any help you can give us would be appreciated. Please give me a call when you receive this note and have a preliminary idea of how USPS might proceed. I can be reached on FTS 934-1989.

Thanks very much.

John Percy
John Percy
Director
Office of Information

Attachment

DEPARTMENT OF HEALTH & HUMAN SERVICES
Social Security Administration
Refer to
Baltimore MD 21235

APR 06 1983

Ms. Anne Gallant
Attorney
Consumer Protection Division
Law Department
U.S. Postal Service
475 L'Enfant Plaza, S.W.
Washington, D.C. 20260

[TAB 2 C-8]

Dear Ms. Gallant:

In June 1982, I wrote you about the activities of Mr. Dan Darling. A copy of that letter is attached. It appears that Mr. Darling is again distributing his brochure and, apparently with some success, selling his plastic Social Security cards. A copy of correspondence from our Philadelphia Regional office which makes this point is also attached.

As you can see in the brochure, Mr. Darling continues to promise he will verify a person's Social Security number and provide automatic statements of a person's Social Security record for 5 years. Mr. Darling has not made any provision to verify Social Security numbers, and he cannot provide earnings statements for 5 years on the basis of a single signed request. Furthermore, although we did review the brochure, our major objections were apparently not accepted.

I hope that you can find some way to deal with this situation. We have been unsuccessful in our efforts concerning Mr. Darling's venture. If you have any questions or would like more information, please call me. My FTS number is 934-1968.

Sincerely,

John Percy

John Percy
Director
Office of Information

Attachments

DEPARTMENT OF HEALTH & HUMAN SERVICES
Social Security Administration

Refer to
Baltimore MD 21235

JUN 01 1982

Ms. Anne Gallant
Attorney
Consumer Protection Division
Law Department
U.S. Postal Service
475 L'Enfant Plaza, S.W.
Washington, D.C. 20260

Dear Ms. Gallant:

Early this year, the Social Security Administration (SSA) became aware of Dan Darling, who wanted to sell plastic Social Security number cards through the mail. We entered into negotiations with him concerning verification of Social Security numbers of those persons who wished to buy a plastic card. The approach being discussed was that he would submit a list of names and Social Security numbers to SSA and, for a fee, we would indicate which matched. Negotiations were never completed, primarily because Mr. Darling would not submit final copy for his brochure, which SSA believed was a necessary step before a contract could be put in final form.

Our last contact with Mr. Darling was in mid-March. At that time, we had expected he would come back to us after making changes we believed necessary in the brochure. In early April, the Social Security Office in New Brunswick, New Jersey, discovered that Mr. Darling's brochure was being distributed in that area and sent us a copy.

We found the brochure (copy attached), to be very objectionable. It made claims that are not true and promised actions that we do not believe can be taken. A copy of our letter to Mr. Darling outlining our objections is also attached.

About the same time as Mr. Darling contacted us, he was also dealing with the Federal Trade Commission (FTC), apparently seeking some kind of endorsement for his enterprise. He dealt with Mr. Richard C. Donohue, attorney in the Bureau of Consumer Protection. Note that the brochure states that, in addition to SSA, the FTC also reviewed the brochure. There was no review of the brochure in its final form. We have also advised Mr. Donohue of our objections to the brochure.

2

The purpose of this letter is to ask whether the Postal Service can take any action to stop Mr. Darling from distributing that brochure. If you have any questions or would like more information, please call me. My FTS number is 594-1588.

Sincerely,

John Percy

John Percy
Acting Director
Office of Information

Enclosures

THE COMMISSIONER OF SOCIAL SECURITY
BALTIMORE, MARYLAND 21235

[illegible] 22 1981

Mr. Carol M. Thomas
Secretary
Federal Trade Commission
Washington, D.C. 20580

[TAB 2 C-9]

Dear Mr. Thomas:

A citizen complaint sent to your Dallas Regional Office about the firm, Nationwide Social Security Information Service, 325 Pennsylvania Avenue, SE, Washington, D.C. 20003, was transferred to our Dallas Regional Office. A copy of this firm's advertisement is enclosed. We find this use of the term "Social Security" to be very misleading and have asked them to stop it. A copy of our letter to the firm is enclosed.

In a similar situation our Office of General Counsel issued an opinion which stated in part "... Our research into this use has disclosed several ways in which such misuse of the name of a Federal agency can be restricted. The first lies in the broad powers of the Federal Trade Commission to prevent, 'unfair methods of competition in commerce, and unfair or deceptive acts or practices in commerce . . . .' Its jurisdiction has been held to extend to a private institution's utilization of the name of an agency of the United States Government which creates the belief that the organization has an official government connection. . . ."

The purpose of this letter is to ask whether the Federal Trade Commission can take action in this case. If you would like more information, please ask someone on your staff to contact Gilbert C. Fisher. His FTS number is 934-1988 and his address is Room 4-J-10 West High Rise Building, Baltimore, Maryland 21235.

Sincerely,

John A. Svahn
Commissioner of Social Security

Enclosure

DEPARTMENT OF HEALTH & HUMAN SERVICES
Social Security Administration

Refer to: SXN-3
Baltimore MD 21235

[illegible]

Mr. Richard C. Donohue
Attorney
Bureau of Consumer Protection
Federal Trade Commission
Washington, D.C. 20580

[TAB 2 C-10]

Dear Mr. Donohue:

I believe you will recall Dan Darling and his various enterprises involving selling plastic Social Security cards, along with several related services. You asked that we keep you informed of his future activities in your June 28 letter to me. He has come up with a new venture. Now, he is trying to sell a package deal to firms for their employees. Enclosed is a copy of the package he sent to the Director of Personnel of the Metropolitan Edison Company in Lancaster, PA.

You will note he again promises, among other services, to verify a person's Social Security number and to provide annual statements of earnings for 5 years. Our understanding is that he made these promises before he had made arrangements to secure them. Also enclosed is a copy of a letter from me, in my capacity as SSA's Freedom of Information Officer, denying his requests. I believe it is self-explanatory.

Mr. Darling makes several extraordinary statements in his promotion materials. In our opinion they tend to mislead the reader.

Is there any action that you can take? If you would like to discuss this matter further, feel free to call me on FTS 934-1989, or have members of your staff call Fred Young on FTS 934-2393.

Sincerely,

John Percy
Acting Director
Office of Information

Enclosures

FEDERAL TRADE COMMISSION
WASHINGTON D C 20580

BUREAU OF
CONSUMER PROTECTION

Daniel A. Darling
Ideas & Concepts
Dan Darling & Associates
Dupont Square - Box 1135
Wilmington, Delaware 19899

Dear Mr. Darling:

This letter will serve to confirm the substance of our January 15, 1982 conversation concerning your proposal to market a plastic facsimile social security card.

I have recently talked to Marlene Pegg, Chief, Enumeration Policy and Field Coordination Branch, Social Security Administration, and she stated that there is no prohibition against manufacturing, marketing and/or selling plastic or metal facsimile social security cards. Her only concern was that the cards be labelled in such a way to insure that they will not be mistaken for genuine social security cards.

As I noted to you in previous conversations, the Federal Trade Commission is authorized by Congress to act in the interest of the public to prohibit unfair methods of competition and unfair and deceptive acts and practices, when the practices are in or affecting commerce. However, Commission staff is not authorized to endorse or give its approval to a particular product or method of doing business.

The primary concern of FTC staff with a product such as yours is that it not mislead consumers into thinking that your company, or product, is affiliated with the federal government. Based on the revised mock-up of the sales brochure that you submitted on January 15, 1982 (copy attached), we recommend that you include in your brochure a statement to the effect that your company is a private organization and is not affiliated with the U.S. Government. This would minimize any potential problems regarding mistaken government affiliation.

We have tried to be as responsive as possible to your request for advice; however, you should realize that this is a staff opinion only and should not be construed to be binding on the Commission.

Staff appreciates your cooperation and concern in allowing us to review your program. If you need or require any assistance in the future as your product, promotional brochures, and so forth, become more finalized, do not hesitate to contact [illegible] 3911.

Very truly yours,

Richard [illegible]
Attorney

Attachment

DEPARTMENT OF HEALTH & HUMAN SERVICES
Social Security Administration
Refer to SXN
Baltimore MD 21235

JUN 0 1 1982

Mr. Richard C. Donohue
Attorney
Bureau of Consumer Protection
Federal Trade Commission
Washington, D.C. 20580

Dear Mr. Donohue:

I am sure that you are familiar with Dan Darling and his operation. I understand you have been sent a copy of the brochure that he has been distributing since early April. We believe very strongly that he should be stopped from distributing this brochure because it is so misleading.

We have written Mr. Darling asking that he stop distributing the brochure and listing our objections. A copy of our letter to him is enclosed. We have also referred this matter to the U.S. Postal Service.

I hope that the Federal Trade Commission is able to take some action to alleviate this situation. If you have any further questions, feel free to call me. My FTS number is 934-1986.

Sincerely,

John Percy
John Percy
Acting Director
Office of Information

Enclosure

USGPO 1981-[illegible]

DEPARTMENT OF HEALTH & HUMAN SERVICES Social Security Administration

Refer to: SXH-3 Baltimore MD 21235

MAY 05 1987

Mr. Richard Kelly
Assistant Director
of Service Industry Practices
Bureau of Consumer Protection
Federal Trade Commission
Room 202
Sixth & Pennsylvania Avenue, N.W.
Washington, D.C. 20580

[TAB 2 C-11]

Dear Mr. Kelly:

Based on telephone conversations Mr. David C. Harty, Social Security Division, Office of the General Counsel, had with you and Mr. James H. Skiles, Assistant Director, Division of Advertising Practices, Mr. Frank L. Dell'Acqua, Deputy Chief Counsel for Social Security, suggested that I write you of our concerns about what we consider abusive industry practices under the broad definition of misleading advertising.

Our concerns center around three different areas: firms which attempt to charge for services that are offered without charge by the Social Security Administration, firms which sell items such as plastic Social Security cards and portray them as necessary or required, and organizations which conduct fund-raising activities among Social Security beneficiaries through the use of what can be perceived as scare tactics.

Enclosed are copies of direct mail advertisements sent by two firms in the first category, the Federal Record Service (FRS) and the Federal Information Registry and Assistance Service (FIRAS).

One concern that we have about the FRS mailing involves the erroneous implication that a newborn child must be registered with the Social Security Administration immediately after birth. The Tax Reform Act of 1986 merely requires that taxpayers show taxpayer identification numbers, which are usually Social Security numbers, for each dependent age 5 or older claimed on 1987 tax returns. It does not require that registration occur immediately after birth. We are also concerned about their $10 charge for processing an application for a Social Security number because it implies that FRS is working directly with SSA. In fact, FRS merely forwards the application to SSA which then does the processing. We have a similar concern about the charge made by FIRAS. We are also bothered by the mailing envelope used by FIRAS, which is virtually identical to a Treasury Department envelope and bears the legend "Buy and Hold U.S. Savings Bonds." We believe this leads citizens to assume that FIRAS is a government agency.

An example of the second kind of firm is the Social Security Protection Bureau and a copy of their mailing is also enclosed. It appears to us that this firm is essentially selling a plastic Social Security card and offers several incentives encouraging individuals to buy it. Although it does not violate the Social Security Act, we find the use of a facsimile of the Social Security card as a sweepstakes entry ticket to be objectionable. Moreover, we are concerned that recipients of the mailing may be led to believe that the Social Security Administration charges to obtain a statement of earnings report for an individual for program purposes, which it does not.

The National Committee to Preserve Social Security and Medicare is the most well-known example of the third kind of organization, one that attempts to raise money from, among others, Social Security beneficiaries. We have received many reports over the years of frightened beneficiaries coming into our field offices offering to pay us the $10 to make sure their benefits would not be stopped. Although this Committee did correct factual errors in their mailings, they continue to use the strident tone which arouses fear. A copy of a typical mailing is enclosed.

As you know, the Commissioner of Social Security has testified recently before Congressional committees about her concerns about these types of direct mail advertising and fund-raising. Mr. Dell'Acqua briefly discussed this matter with Commissioner Terry Calvani of the FTC and he indicated that he wanted to be kept apprised of the FTC efforts in this area and offered his help in assisting SSA in attempting to resolve these problems.

We appreciate the assistance you have offered in this area. Please feel free to contact me if you have any questions. We look forward to your response.

Sincerely,

Charles H. Mullen
Acting Director
Office of Information

Enclosures

FEDERAL RECORD SERVICE

2021 L STREET, SUITE 250
WASHINGTON, D.C. 20036

BIRTH RECORDS DIVISION

Important Notice:
New Federal Legislation may require that all dependents be listed by Social Security Number on your income tax return.

County records indicate that your newborn child has not been registered with the Social Security Administration. It is important that your child be issued a Social Security Card immediately.

Federal Record Service, a non-government agency, will handle the paperwork and clerical details for you.

If you will fill out the information requested right now on the enclosed form and return it with a check or money order for $10, we will begin to process your application immediately. The fee is our assistance charge.

If you have other dependents who do not have Social Security numbers, we will process their applications at the additional fee of $5 for each extra applicant.

You will receive a confirmation that your application is being processed in two weeks. A Social Security Card and number registered in your childs name will be mailed to you within seven weeks.

Please return the enclosed form immediately with a check or money order made payable to:

Federal Record Service

FEDERAL
INFORMATION
REGISTRY AND
ASSISTANCE SERVICE

002-0000229153

Mr. Robert B. Blankmann
3319 Halliday Av
Saint Louis, MO 63118

IMPORTANT NOTICE:

New Federal Legislation (SEC. 1524 of the Tax Reform Act of 1986 P.L. 99-514) requires that all taxpayers show Social Security numbers for each dependent age 5 or older on your income tax return filed for 1987.

Federal Information Registry and Assistance Service, a non-government agency, has prepared a Compliance Kit which contains ALL the necessary forms, letters, and easy instructions for you to have each of your children issued a Social Security number.

THE COMPLIANCE KIT CONTAINS:

- Easily understood, step by step instructions for all requirements and forms.
- All forms necessary for applying to the Social Security Administration.
- All forms and/or letters necessary for obtaining birth records for each child with U.S. Citizenship regardless of where they were born.
- Completed sample forms for your reference to be sure everything is accurately and properly provided to each government agency.
- Addresses and phone numbers of all state and federal locations where documentation must be sent.

DO NOT PUT THIS OFF!! Federal Law REQUIRES that you MUST have this completed before your 1987 taxes are filed. Further, the Social Security offices and State offices will be swamped with millions of applications and requests for information which will result in inevitable long delays.

To order your compliance kit, simply print the names and birthdates of your children on the order form on the back of this letter, and return it to us with your check or money order made payable to "FIRAS" in the enclosed postage - paid envelope. Your compliance kit and appropriate forms will be sent to you within 14 days of receipt of your order.

Your basic Compliance Kit is complete for one child. You must also order a supplemental kit for EACH additional child to have the necessary documents.

APPENDIX A
ITEM 3

ANDY JACOBS JR. INDIANA CHAIRMAN
SUBCOMMITTEE ON SOCIAL SECURITY

RICHARD A. GEPHARDT MISSOURI
SAM M. GIBBONS FLORIDA
SANDER M. LEVIN MICHIGAN
JIM MOODY WISCONSIN

BILL ARCHER TEXAS
PHILIP M. CRANE ILLINOIS
HAL DAUB NEBRASKA

Ex Officio
DAN ROSTENKOWSKI ILLINOIS
JOHN J. DUNCAN TENNESSEE

COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515

SUBCOMMITTEE ON SOCIAL SECURITY

DAN ROSTENKOWSKI ILLINOIS CHAIRMAN
COMMITTEE ON WAYS AND MEANS

JOSEPH K. DOWLEY CHIEF COUNSEL
AL SINGLETON MINORITY CHIEF OF STAFF

PATRICIA E. DILLEY SUBCOMMITTEE STAFF DIRECTOR

March 19, 1987

The Honorable Dorcas R. Hardy
Commissioner of Social Security
Social Security Administration
6400 Security Blvd., Room 900 Altmeyer
Baltimore, Maryland 21235

Dear Commissioner Hardy:

At the March 10, 1987 hearing of the Social Security Subcommittee on the subject of misleading and deceptive mailings to social security beneficiaries, you kindly agreed to provide written answers to several questions from Subcommittee members. The questions asked at the hearing appear below along with additional questions to which we would appreciate a response.

Please provide us with the following information requested during the hearing:

1. the number of complaints or inquiries you have received regarding the National Committee to Preserve Social Security and Medicare in each year since you began to receive complaints;

2. the approximate date on which you began receiving complaints;

3. the dates of meetings you have had with James Roosevelt or others representing the NCPSSM and the nature of the discussions;

4. copies of all correspondence between the NCPSSM and the Social Security Administration;

5. any discussions within SSA, to the extent you can share them with us, about possible action against the NCPSSM; and

6. consideration of possible action through either the Federal Trade Commission or the U.S. Postal Service.

In addition, I would appreciate your answering the following questions for us:

7. After receiving a complaint about a mailing, what procedures does SSA have for reviewing the mailing and developing a response?

8. Once SSA has referred a mailing to the Federal Trade Commission or the U.S. Postal Service, does SSA follow up on the referral to determine what action was taken by the other agency?

Thank you for your testimony at the hearing and for your offer to respond to these inquiries. We look forward to hearing from you.

Sincerely,

Andy Jacobs, Jr.
Chairman

SSA Response to Several Questions About SSA's Relations with NCPSSM

A number of the foregoing questions concerning SSA's relations with the NCPSSM were rephrased in a subsequent request from the Chairman for materials for the record. These questions and SSA's responses follow:

1. Q. The number of complaints or inquiries you have received regarding the National Committee to Preserve Social Security and Medicare in each year since you began to receive complaints.

   A. SSA records identify 64 public letters as received at our Baltimore headquarters concerning NCPSSM solicitations in the 16-month period October 1985-January 1986. There were 264 such letters in the 14-month period, February 1986-March 1987.

2. Q. The approximate date on which you began receiving complaints.

   A. SSA's earliest record of any written complaint is 1983.

3. Q. The dates of meetings you have had with James Roosevelt or others representing the NCPSSM and the nature of the discussions.

   A. As indicated in direct testimony, Commissioner Hardy sought to meet with James Roosevelt (on several occasions in 1986) but was unable to do so, due to schedule conflicts. Commissioner Hardy and other SSA officials met with representatives of NCPSSM on February 19, 1987, see attached chronology (Tab A).

4. Q. Copies of all correspondence between the NCPSSM and the Social Security Administration.

   A. Copies of this correspondence are included at Tab A of material furnished earlier in this record--(insert for page 84, line 1660 of transcript).

5. Q. Any discussions within SSA, to the extent you can share them with us, about possible action against the NCPSSM.

   A. SSA has no official records that would supplement the attached chronology and the correspondence furnished earlier in this record.

6. Q. Consideration of possible action through either the Federal Trade Commission or the U.S. Postal Service.

   A. In 1983 we referred NCPSSM materials to the U.S. Postal Service (USPS), and in 1987 we asked the Federal Trade Commission to review the practices of the NCPSSM.

In addition, the Chairman asked that SSA respond, for the record, to the following two questions:

1. Q. After receiving a complaint about a mailing, what procedures does SSA have for reviewing the mailing and developing a response?

   A. The attached chapter on misleading advertising from SSA's Public Affairs Handbook (Tab B) summarizes the instructions given SSA field offices for handling misleading advertising. When a mailing is received, it is evaluated using the criteria outlined in the Handbook. In general, the organization is first contacted and asked to change the incorrect/misleading information. If the organization fails to comply, then SSA decides whether there is a basis for referring the matter to the Federal Trade Commission (FTC) or the USPS.

2. Q. Once SSA has referred a mailing to the Federal Trade Commission or the U.S. Postal Service, does SSA follow up on the referral to determine what action was taken by the other agency?

   At the time of a referral, a request is made that SSA be notified of the outcome. This has generally proven successful. A followup is made if a reply is not received in a reasonable time.

Attachment

[TAB-^{3}A]

Chronology of the Social Security Administration's (SSA's) Contacts With the National Committee to Preserve Social Security and Medicare (NCPSSM)

1. February 1983--SSA attempted, but was unable, to contact NCPSSM about a direct mail solicitation (Tab 1) which implied that only by remitting $10 as dues to NCPSSM may a person receive a statement of his or her earnings. On February 14 SSA referred the matter to the United States Postal Service (USPS).

   USPS subsequently informed SSA that it had secured a consent agreement from NCPSSM in which the organization agreed to clarify in future mailings that Social Security earnings records are available at no cost from SSA, to send a letter to all individuals who responded to the solicitation explaining this and to refund "dues" to individuals who requested it. In addition, the USPS asked NCPSSM to change the legend on its envelopes so that individuals would not infer that the mailing contains official information pertaining to his or her individual benefit.

2. November 3, 1983--SSA requested that NCPSSM correct factual errors in a solicitation (Tab 2) regarding interfund borrowing. SSA also requested that NCPSSM correct statements which implied the Social Security Amendments of 1983 had not yet been enacted. In addition, SSA reiterated USPS' request that NCPSSM change the legend on its envelopes. On December 28 NCPSSM agreed to make the changes requested by SSA.

3. March 27, 1984--SSA asked NCPSSM to correct a solicitation (Tab 3) which contained the same errors that SSA objected to on November 3, 1983. In addition, SSA requested that NCPSSM clarify that the petition it was sponsoring had nothing to do with any individual's Social Security benefit. On April 17 NCPSSM agreed to correct factual inaccuracies raised by SSA.

4. August 23, 1984--NCPSSM asked SSA to review a draft article (TAB 4) analyzing the 1984 Social Security Trustees Report. On August 28 the Chief Actuary of SSA wrote to NCPSSM to outline problems SSA had with the article as well as differences of opinion.

5. September 1985--NCPSSM asked SSA to review copy for an advertisement scheduled to run in *Reader's Digest* (Tab 5) which included a statement that the ad was presented as a public service in cooperation with SSA.

   SSA responded on October 4 that it would be inappropriate for SSA to be associated with the proposed ad. SSA requested that

NCPSSM delete any explicit or implied statements that SSA endorsed the ad. NCPSSM revised its ad.

6. November 1985--James Roosevelt toured SSA Headquarters.

7. December 5, 1985--SSA staff met with NCPSSM staff. SSA furnished factual information on Social Security to NCPSSM. SSA also expressed concern about NCPSSM's direct mail solicitations and the effects those mailings have on Social Security beneficiaries.

8. August 26,1986--NCPSSM objected to an SSA letter to Representative Hendon in which SSA characterized NCPSSM's literature as misleading. On October 17 SSA replied that SSA's letter to Representative Hendon was fair and accurate.

9. January 28, 1987--NCPSSM expressed concern about SSA's statements to the press that NCPSSM's socicitations are "both misleading and unduly alarming."

10. On February 19 Commissioner Dorcas R. Hardy met with William Wewer, General Counsel, and Dana Reed, Treasurer, NCPSSM to discuss NCPSSM's concerns. The Commissioner agreed to rereview NCPSSM's solicitatons.

JAMES ROOSEVELT
United States Congressman (Retired)

[TAB 3 A-1]

My father started Social Security. Now, we must act to Save Social Security

Dear Concerned American:

Will you spend 45 seconds, right now, to save Social Security?

If your answer is "Yes," then sign and return the enclosed official certified petition to the Congress of the United States right now!

Never in the 45 years since my father, Franklin Delano Roosevelt, started the Social Security system, has there been such a severe threat to Social Security benefits.

Just consider these facts:

- ✓ Recently three United States Senators and the Budget Director recommended cutting Social Security, including the cost-of-living increases which benefit 35 million Americans.
- ✓ In 1982 Congress cut $17 billion from Medicare.
- ✓ Just recently, the National Commission on Social Security suggested taxing Social Security as ordinary income!
- ✓ Another proposal would increase the minimum age for receiving Social Security to 68.
- ✓ Last year a proposal was made to wipe out even minimum benefits for 3,000,000 (3 million) retirees.
- ✓ Still another proposal would have cut 40% from early retirement benefits.
- ✓ And, as a result of a report by a Presidential Commission, Congress is con-

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sidering, right now, all of these and many other Social Security reduction proposals.

We, as a nation have a solemn commitment with the tens of millions of our people who have paid into Social Security over their long working years. These Americans are counting upon Social Security, and they must have it, or face a crippling financial hardship.

Deep cuts will mean a dreary existence for present and future Social Security recipients, and will create a terrible hardship on their children and grandchildren — they will somehow have to support retired family members.

Must it be so? Must we break our solemn commitments to the men and women who worked so hard, and paid their fair share, into Social Security?

No, it need not happen, not if you will join with me and millions of Americans to stop it — right now.

The politicians say we can't afford Social Security. But, they don't say we can't afford ever increasing welfare payments.

* They don't say we can't afford millions upon millions of new South American and Asian and Haitian immigrants.

* They don't say their rich corporate buddies have to give up their tax loopholes.

* They don't say we should stop the illegal aliens who cost up to billions each year.

* And they don't say we can't afford their limousines and foreign junkets and billion dollar pet projects.

No. They say we can't afford Social Security. They are saying, in effect, "let the retired widow go without a decent meal or enough heat. Let her live in an unsafe neighborhood, and wear shabby clothes. But, please, not one less gallon of gasoline for my limousine!"

Well, we've got to show them! We must take action, by mounting a mass

(go to next page, please)

petition drive and forming a huge organization, to Save Social Security.

It is my goal to deliver 1,000,000 petitions to the Congress of the United States this year alone. These Petitions demand the preservation of Social Security, and keeping the solemn commitment it represents, for our people.

I served as Secretary to the President in the White House when my father held that office.

And I served for 11 years as a Member of the United States Congress.

So I know, better than anyone, how powerful is our "right to petition the government for a redress of our grievances."

So, please, right now, sign and mail me your petition. It has never been so necessary, so urgent, that you take action.

At the same time, please seriously consider joining your National Committee to Preserve Social Security.

The National Committee is a non-profit tax-exempt organization, comprised solely of concerned Americans such as yourself, who have invested a small amount to help block the rich and powerful forces who would destroy Social Security.

The National Committee to Preserve Social Security is non-partisan and non-governmental. We have no corporate members, no special interest group support, and no source of income other than the voluntary dues of ordinary Americans who want our nation to keep its commitment to Social Security.

As a Member, your annual dues are only $10. And for this you will receive a gold embossed personal plastic membership card, a regular newsletter which includes how your Senators and Congressmen stand on Social Security and other vital information on how you can help your cause, and a FREE personal confidential computer analysis of your Social Security Account status—according to the official government Social Security records.

Your "Status of Account" is vitally important because you could lose Social Security benefits because of computer error, duplicate numbers being issued to

(continue, over)

two persons, or Social Security fraud — which is rising at an alarming rate.

In addition, as a Member, you will be enrolled in our Legislative Alert Service.

The Legislative Alert service will immediately advise you, by telegram or letter, of fast breaking developments in Washington with respect to Saving Social Security.

Your Legislative Alert will also tell you how you can best act to help — such as by calling your Congressman's local office or sending one of your Senators an immediate letter.

And finally, The National Committee to Preserve Social Security is negotiating with Lloyds of London for a very low-cost group insurance policy to cover members against the loss of Social Security benefits. As a Member, you will be entitled to participate in this insurance program.

But, most importantly, you will be helping to make it possible to continue our work here in The Capitol to protect, defend and improve the Social Security Program.

So, please act today. Mail your Officially Certified Petition to the Congress of the United States today. Hopefully, you will also join your National Committee to Preserve Social Security at the same time — but in any case, please act today. I have enclosed a first-class postage paid envelope for your use.

Urgently awaiting your reply, I am,

Most sincerely yours,

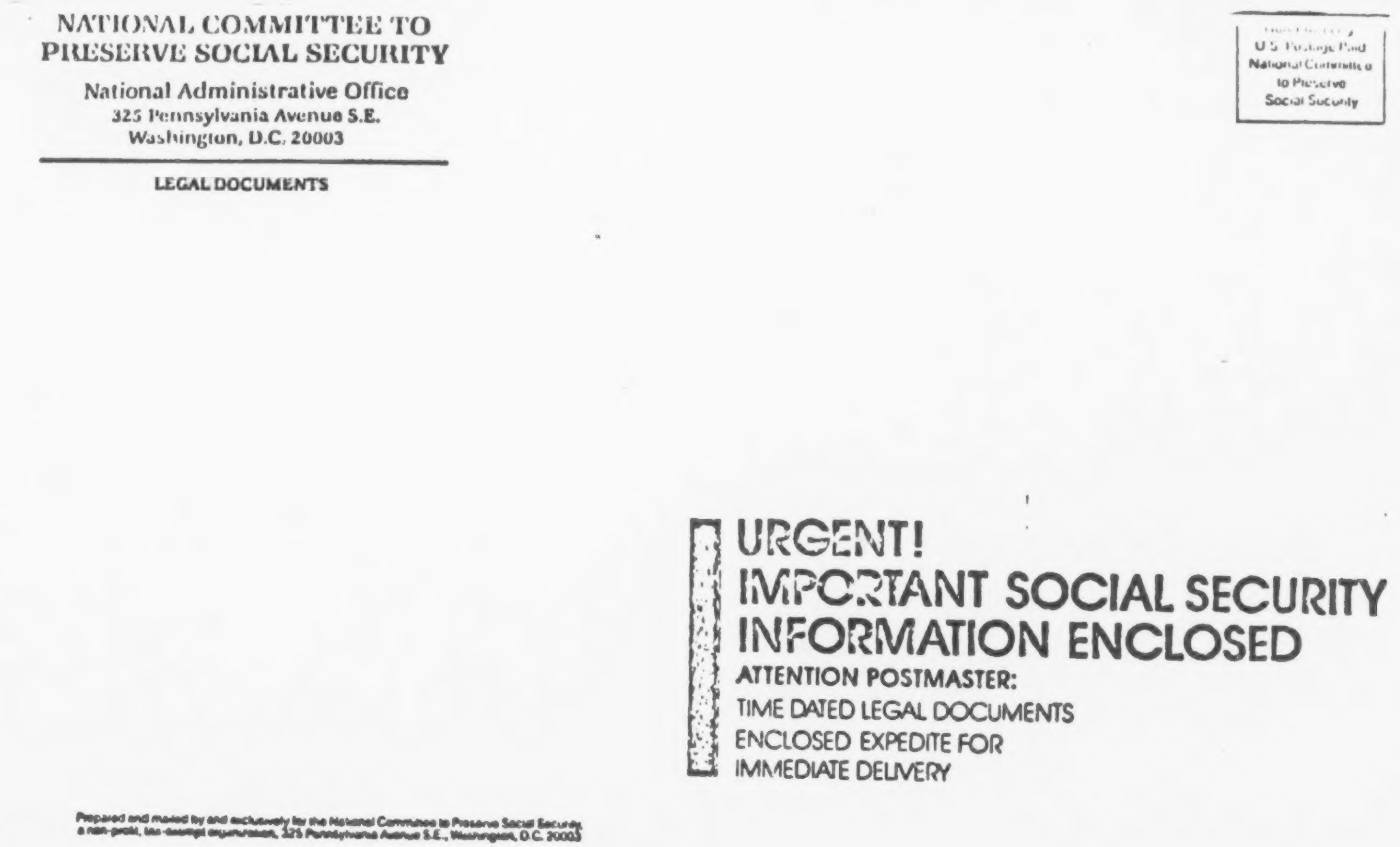
James Roosevelt

James Roosevelt
United States Congressman (Retired)
Chairman, National Committee to
Preserve Social Security

P.S. Thousands of ordinary Americans, like yourself, have invested an average of about $10 to send you the enclosed Petition. Naturally, they hope you will also join them as Members of the National Committee to Preserve Social Security, but even if you cannot afford $10 to save Social Security, please do sign and return your petition.

If you fail to at least return your Petition, the investment of so many Americans will have gone to waste. Thank you.

Prepared and mailed by and exclusively by the National Committee to Preserve Social Security
[illegible] Pennsylvania Avenue, S.E. Washington, D.C. 20003



NATIONAL COMMITTEE TO
PRESERVE SOCIAL SECURITY
National Administrative Office
325 Pennsylvania Avenue S.E.
Washington, D.C. 20003

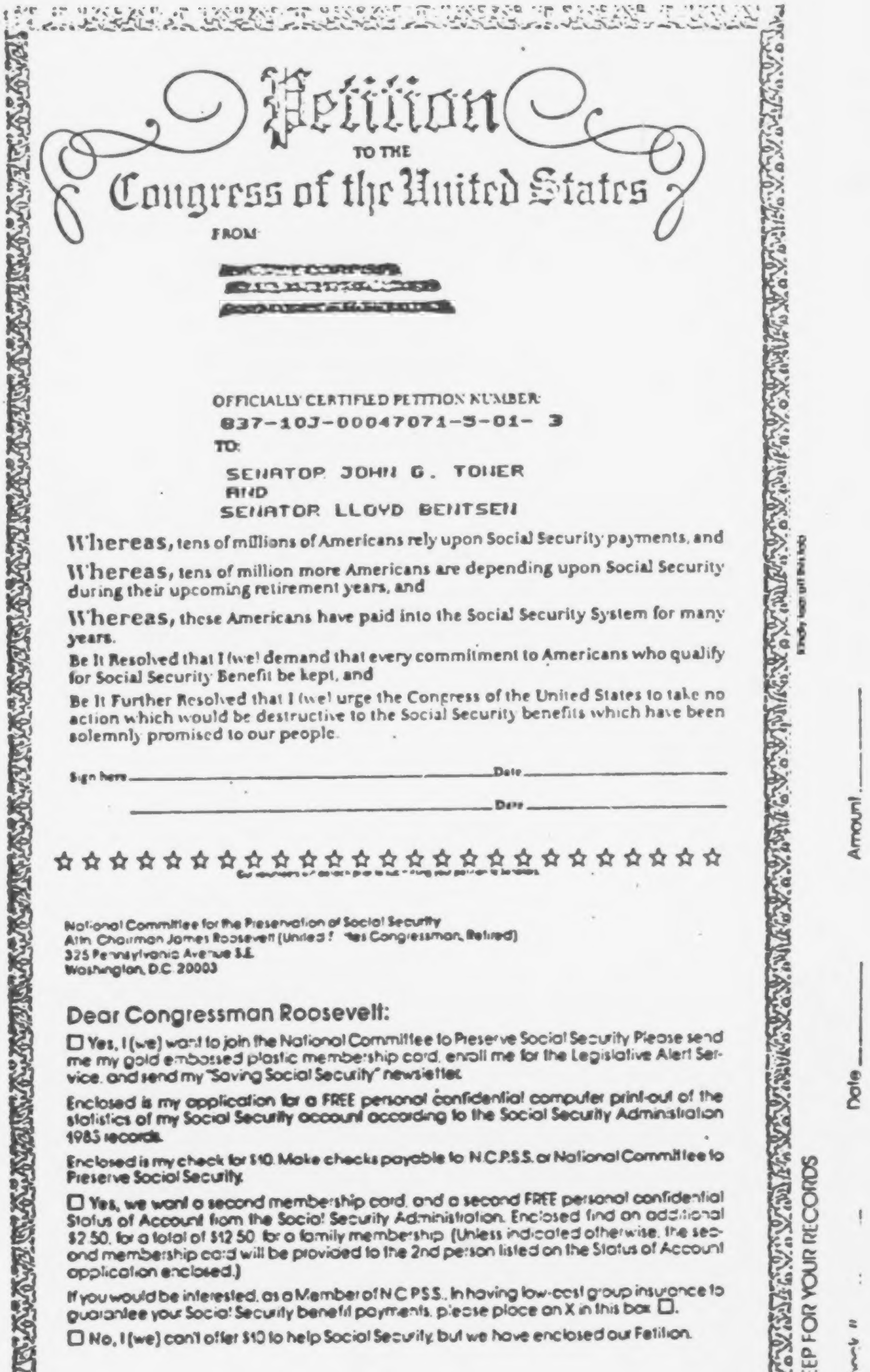
LEGAL DOCUMENTS

[illegible]
U.S. Postage Paid
National Committee
to Preserve
Social Security

URGENT!
IMPORTANT SOCIAL SECURITY
INFORMATION ENCLOSED

ATTENTION POSTMASTER:
TIME DATED LEGAL DOCUMENTS
ENCLOSED EXPEDITE FOR
IMMEDIATE DELIVERY

Prepared and mailed by and exclusively for the National Committee to Preserve Social Security,
a non-profit, tax-exempt organization, 325 Pennsylvania Avenue S.E., Washington, D.C. 20003



Petition
TO THE
Congress of the United States

FROM

[redacted]

OFFICIALLY CERTIFIED PETITION NUMBER:
837-10J-00047071-5-01- 3
TO:

SENATOR JOHN G. TOWER
AND
SENATOR LLOYD BENTSEN

Whereas, tens of millions of Americans rely upon Social Security payments, and

Whereas, tens of million more Americans are depending upon Social Security during their upcoming retirement years, and

Whereas, these Americans have paid into the Social Security System for many years.

Be It Resolved that I (we) demand that every commitment to Americans who qualify for Social Security Benefit be kept, and

Be It Further Resolved that I (we) urge the Congress of the United States to take no action which would be destructive to the Social Security benefits which have been solemnly promised to our people.

Sign here ______________________ Date ____________

______________________ Date ____________

☆ ☆

National Committee for the Preservation of Social Security
Attn. Chairman James Roosevelt (United States Congressman, Retired)
325 Pennsylvania Avenue S.E.
Washington, D.C. 20003

Dear Congressman Roosevelt:

☐ Yes, I (we) want to join the National Committee to Preserve Social Security Please send me my gold embossed plastic membership card, enroll me for the Legislative Alert Service, and send my "Saving Social Security" newsletter.

Enclosed is my application for a FREE personal confidential computer print-out of the statistics of my Social Security account according to the Social Security Adminstration 1983 records.

Enclosed is my check for $10. Make checks payable to N.C.P.S.S. or National Committee to Preserve Social Security.

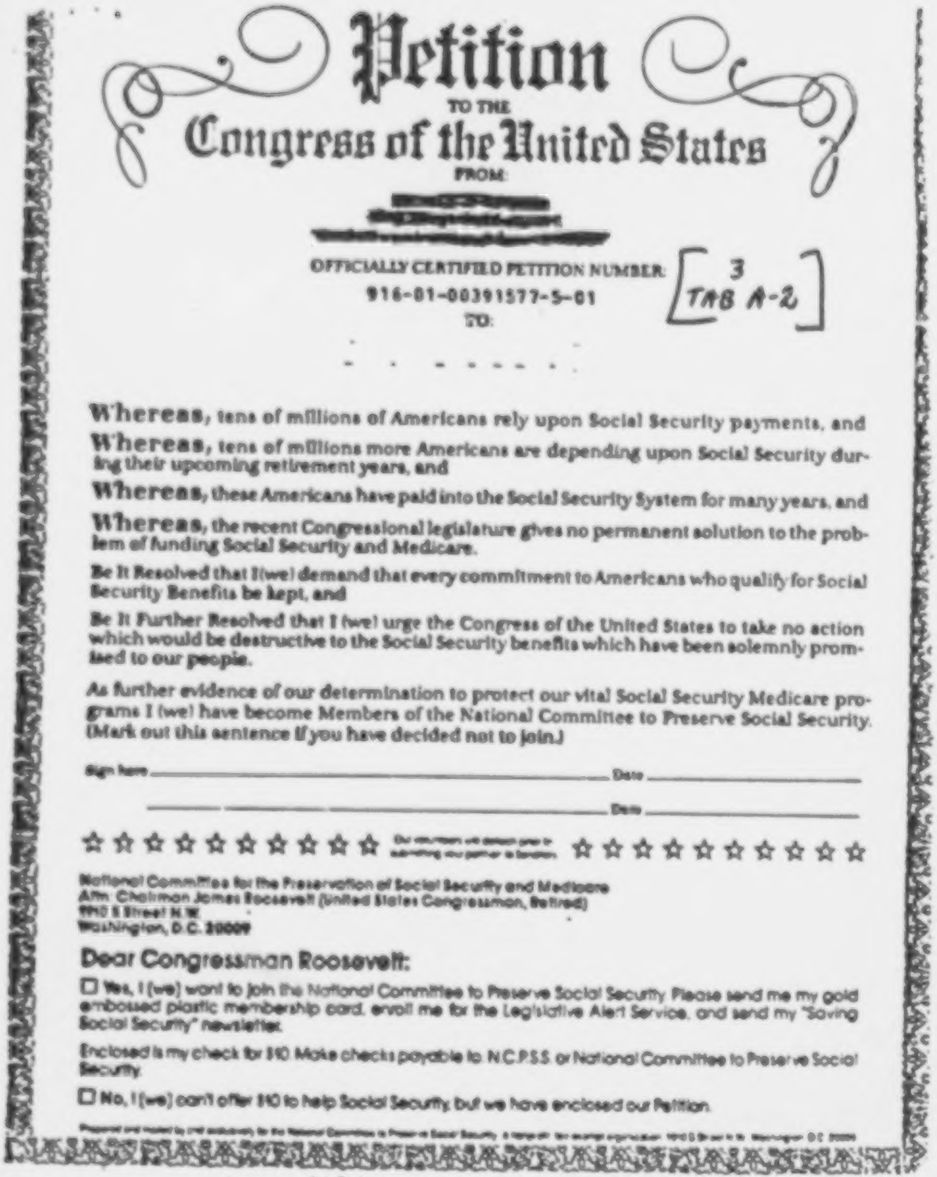
☐ Yes, we want a second membership card, and a second FREE personal confidential Status of Account from the Social Security Administration. Enclosed find an additional $2.50, for a total of $12.50 for a family membership. (Unless indicated otherwise, the second membership card will be provided to the 2nd person listed on the Status of Account application enclosed.)

If you would be interested, as a Member of N.C.P.S.S., in having low-cost group insurance to guarantee your Social Security benefit payments, please place an X in this box ☐.

☐ No, I (we) can't offer $10 to help Social Security, but we have enclosed our Petition.

KEEP FOR YOUR RECORDS

Check # ______ Date ______ Amount ______



Petition

TO THE

Congress of the United States

FROM:

[redacted]

OFFICIALLY CERTIFIED PETITION NUMBER:
916-01-00391577-5-01
TO:

[3
TAB A-2]

Whereas, tens of millions of Americans rely upon Social Security payments, and

Whereas, tens of millions more Americans are depending upon Social Security during their upcoming retirement years, and

Whereas, these Americans have paid into the Social Security System for many years, and

Whereas, the recent Congressional legislature gives no permanent solution to the problem of funding Social Security and Medicare.

Be It Resolved that I(we) demand that every commitment to Americans who qualify for Social Security Benefits be kept, and

Be It Further Resolved that I (we) urge the Congress of the United States to take no action which would be destructive to the Social Security benefits which have been solemnly promised to our people.

As further evidence of our determination to protect our vital Social Security Medicare programs I (we) have become Members of the National Committee to Preserve Social Security. (Mark out this sentence if you have decided not to join.)

Sign here ______________________ Date ______________

______________________ Date ______________

☆ ☆ ☆ ☆ ☆ ☆ ☆ ☆ ☆ ☆ ☆ ☆ ☆ ☆ ☆ ☆ ☆ ☆ ☆ ☆

National Committee for the Preservation of Social Security and Medicare
Attn: Chairman James Roosevelt (United States Congressman, Retired)
1910 K Street N.W.
Washington, D.C. 20006

Dear Congressman Roosevelt:

☐ Yes, I (we) want to join the National Committee to Preserve Social Security. Please send me my gold embossed plastic membership card, enroll me for the Legislative Alert Service, and send my "Saving Social Security" newsletter.

Enclosed is my check for $10. Make checks payable to N.C.P.S.S. or National Committee to Preserve Social Security.

☐ No, I (we) can't offer $10 to help Social Security, but we have enclosed our Petition.

JAMES ROOSEVELT
United States Congressman (Retired)

My father started Social Security. Now, we must act to Save Social Security and Medicare!

Dear Concerned American:

Will you spend 45 seconds, right now, to save Social Security and Medicare?

If your answer is "Yes," then sign and return the enclosed official certified petition to the Congress of the United States right now!

Never in the 45 years since my father, Franklin Delano Roosevelt, started the Social Security system has there been such a severe threat to Social Security and Medicare benefits.

Just consider these facts:

- ✓ Ronald Reagan's recently enacted "Social Security" bailout is just a stop-gap measure. It won't permanently solve the threat to assure the continued payment of our Social Security and Medicare benefits. For this assurance, we need a permanent non-political solution.
- ✓ The Medicare Fund faces even more severe funding problems than Social Security. Without citizen action we could lose many of Medicare's benefits.
- ✓ Recently three United States Senators and the Budget Director recommended cutting Social Security, including the cost-of-living increases which benefit 35 million Americans.
- ✓ In 1982 Congress cut $17 billion from Medicare.
- ✓ Just recently, the National Commission on Social Security suggested taxing Social Security as ordinary income!
- ✓ Another proposal would increase the minimum age for receiving Social Security to 68.
- ✓ Three government reports now say unless we act NOW, Medicare benefits will

(continued over)

[illegible]

have to be cut severely or the Medicare fund will go bankrupt!

✓ Last year a proposal was made to wipe out even minimum Social Security benefits for 3,000,000 (3 million) retirees.

✓ Still another proposal would have cut 40% from early retirement benefits.

✓ The Medicare Fund has borrowed $12,400,000,000.00 ($12.4 Billion dollars!) from the Social Security Fund. Medicare is in so much trouble it has been unable to even pay the interest on this loan! This debt endangers both Social Security and Medicare!

In addition, Medicare now faces continuing deficits, which further threaten both these vital programs.

We, as a nation, have a solemn commitment to the tens of millions of our people who have paid into Social Security and Medicare over their long working years. These Americans are counting upon Social Security and Medicare, and they must have it, or face a crippling financial hardship.

Deep cuts will mean a dreary existence for present and future Social Security and Medicare recipients, and will create a terrible hardship on their children and grandchildren—who will somehow have to support retired family members.

Must it be so? Must we break our solemn commitments to the men and women who worked so hard, and paid their fair share into Social Security and Medicare?

No, it need not happen, not if you will join with me and millions of Americans to stop it—right now.

The politicians say we can't afford Social Security and Medicare. But, they don't say we can't afford ever increasing welfare payments.

✱ They don't say we can't afford millions upon millions of new South American and Asian and Haitian immigrants.

✱ They don't say their rich corporate buddies have to give up their tax loopholes.

✱ They don't say we should stop the illegal aliens who cost billions each year.

✱ And they don't say we can't afford the politicians' limousines and foreign junkets and billion dollar pet projects.

No. They say we can't afford Social Security and Medicare. They are saying, in effect, "Let the retired widow go without a decent meal or enough heat or health

(go to next page, please)

care. Let her live in an unsafe neighborhood, and wear shabby clothes. But please, not one less gallon of gasoline for my limousine!"

Well, we've got to show them! We must take action, by mounting a mass petition drive and forming a huge organization, to Save Social Security and Medicare.

It is my goal to deliver 1,000,000 petitions to the Congress of the United States this year alone. These Petitions demand the preservation of Social Security and Medicare, and keeping the solemn commitment they represent, for our people.

I served as Secretary to the President in the White House when my father held that office.

And I served for 11 years as a Member of the United States Congress.

So I know, better than anyone, how powerful is our "right to petition the government for a redress of our grievances."

So, please, right now, sign and mail me your petition. It has never been so necessary, so urgent, that you take action.

At the same time, please seriously consider joining your National Committee to Preserve Social Security and Medicare.

The National Committee is a non-profit, tax-exempt organization, comprised solely of concerned Americans such as yourself, who have invested a small amount to help block the rich and powerful forces who would destroy Social Security and Medicare.

The National Committee to Preserve Social Security and Medicare is non-partisan and non-governmental. We have no corporate members, no special interest group support, and no source of income other than the voluntary dues of ordinary Americans who want our nation to keep its commitment to the Social Security and Medicare programs.

As a Member, your annual dues are only $10. And for this you will receive a gold embossed personal plastic membership card, a regular newsletter which includes how your Senators and Congressmen stand on Social Security and Medicare, and other vital information on how you can help your cause.

In addition, as a Member, you will be enrolled in our Legislative Alert Service.

The Legislative Alert Service will immediately advise you, by telegram or letter,

(over, please)

of fast breaking developments in Washington with respect to the Save Social Security and Medicare programs.

Your Legislative Alert will also tell you how you can best act to help—such as by calling your Congressman's local office or sending one of your Senators an immediate letter.

And, most importantly, you will be helping to make it possible to continue our work here in The Capitol to protect, defend and improve the Social Security and Medicare Programs.

So, please act today. Mail your Officially Certified Petition to the Congress of the United States today. Hopefully, you will also join your National Committee to Preserve Social Security and Medicare at the same time—but in any case, please act today. I have enclosed a first-class, postage paid envelope for your use.

Urgently awaiting your reply, I am,

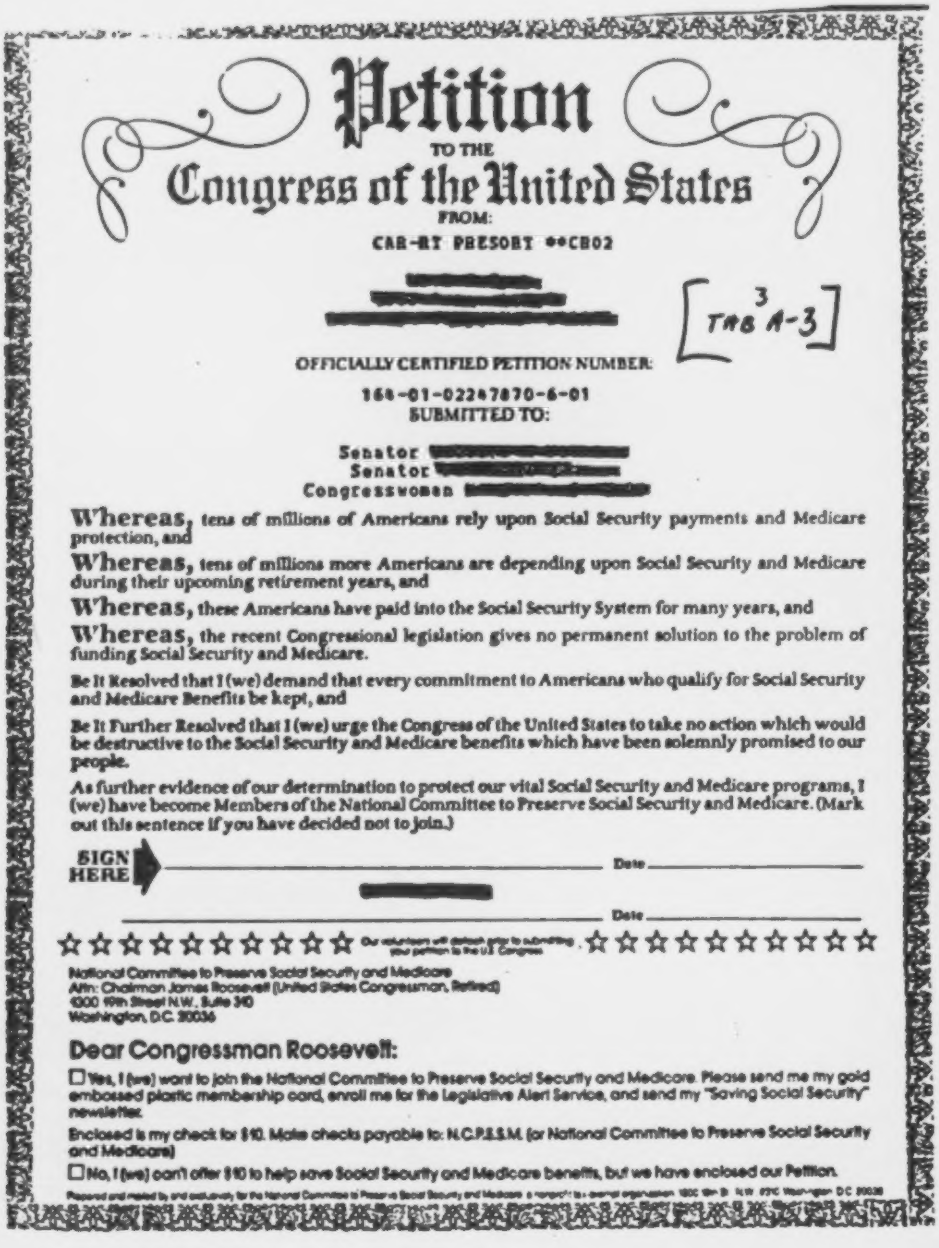
Most sincerely yours,

James Roosevelt

James Roosevelt
United States Congressman (Retired)
Chairman, National Committee to
Preserve Social Security and Medicare

P.S. Thousands of ordinary Americans, like yourself, have invested an average of $10 to send petitions, such as the one enclosed, to concerned people all across our country. Naturally, they hope you will also join them as Members of the National Committee to Preserve Social Security and Medicare, but even if you cannot afford to join please do, at least, sign and return your petition.

If you fail to at least return your Petition, the investment of so many Americans will have gone to waste. At the same time, I will be very disappointed if we do not get enough Members to continue collecting petitions and to fund our work with the Congress, so join your fellow Americans, as a member, if you possibly can.



Petition

TO THE

Congress of the United States

FROM:

CAR-RT PRESORT **CB02

[redacted]

[TAB 3 A-3]

OFFICIALLY CERTIFIED PETITION NUMBER:

164-01-02247870-6-01

SUBMITTED TO:

Senator [redacted]
Senator [redacted]
Congresswoman [redacted]

Whereas, tens of millions of Americans rely upon Social Security payments and Medicare protection, and

Whereas, tens of millions more Americans are depending upon Social Security and Medicare during their upcoming retirement years, and

Whereas, these Americans have paid into the Social Security System for many years, and

Whereas, the recent Congressional legislation gives no permanent solution to the problem of funding Social Security and Medicare.

Be It Resolved that I (we) demand that every commitment to Americans who qualify for Social Security and Medicare Benefits be kept, and

Be It Further Resolved that I (we) urge the Congress of the United States to take no action which would be destructive to the Social Security and Medicare benefits which have been solemnly promised to our people.

As further evidence of our determination to protect our vital Social Security and Medicare programs, I (we) have become Members of the National Committee to Preserve Social Security and Medicare. (Mark out this sentence if you have decided not to join.)

SIGN HERE ______________________ Date ______________

[redacted]

______________________ Date ______________

☆ ☆ ☆ ☆ ☆ ☆ ☆ ☆ ☆ ☆ Our volunteers will detach prior to submitting your petition to the U.S. Congress ☆ ☆ ☆ ☆ ☆ ☆ ☆ ☆ ☆ ☆

National Committee to Preserve Social Security and Medicare
Attn: Chairman James Roosevelt (United States Congressman, Retired)
1300 19th Street N.W., Suite 340
Washington, D.C. 20036

Dear Congressman Roosevelt:

☐ Yes, I (we) want to join the National Committee to Preserve Social Security and Medicare. Please send me my gold embossed plastic membership card, enroll me for the Legislative Alert Service, and send my "Saving Social Security" newsletter.

Enclosed is my check for $10. Make checks payable to: N.C.P.S.S.M. (or National Committee to Preserve Social Security and Medicare)

☐ No, I (we) can't offer $10 to help save Social Security and Medicare benefits, but we have enclosed our Petition.

JAMES ROOSEVELT
United States Congressman (Retired)
Washington, D.C.

My father started Social Security. Now, we must act to Save Social Security and Medicare!

Dear Concerned American:

Will you spend 45 seconds, right now, to save Social Security and Medicare?

If your answer is "Yes," then sign and return the enclosed official certified petition to the Congress of the United States right now!

Never in the 45 years since my father, Franklin Delano Roosevelt, started the Social Security system has there been such a severe threat to Social Security and Medicare benefits.

Just consider these facts:

✓ Ronald Reagan's recently enacted "Social Security" bailout is just a stop-gap measure. It won't permanently solve the threat to the continued payment of our Social Security and Medicare benefits. For this assurance, we need a permanent non-political solution.

✓ The Medicare Fund faces even more severe funding problems than Social Security. Without citizen action we could lose many of Medicare's benefits.

✓ Last year, the cost-of-living increases in Social Security were delayed six months, and further suspensions of badly needed cost-of-living increases are being threatened.

✓ In 1982 Congress cut $17 billion from Medicare. Massive additional cuts are included in the President's current budget proposal.

✓ Social Security payments are now going to be taxed for the first time in history, and there are numerous proposals to begin taxing Medicare and the value of other programs designed to benefit the retired, the elderly and the disabled.

✓ In the future, under a new law, the minimum age for receiving Social Security benefits will increase to 67. Now there is a proposal to increase the minimum age qualifications for Medicare and other benefits to 67 or more!

✓ Five government reports now say unless we act NOW, Medicare benefits will

(continued over)

[illegible] National Committee to Preserve Social Security, PAC [illegible] DC [illegible]

have to be cut severely or the Medicare fund will go bankrupt!

The entire trend is now toward converting Medicare from an insurance program to welfare by attempting to limit Medicare to just the very poor. This would be tragically unfair to everyone who has been paying into Medicare over the years.

Still another proposal would have cut 40% from early retirement benefits.

Congress is now considering legislation which would DOUBLE the premium payments for Medicare coverage.

The Medicare Fund has borrowed $12,400,000,000.00 ($12.4 Billion dollars!) from the Social Security Fund. Medicare is in so much trouble it has been unable to even pay the interest on this loan! This debt endangers both Social Security and Medicare!

In addition, Medicare now faces continuing deficits, which further threaten both these vital programs.

We, as a nation, have a solemn commitment to the tens of millions of our people who have paid into Social Security and Medicare over their long working years. These Americans are counting upon Social Security and Medicare, and they must have it, or face a crippling financial hardship.

Deep cuts will mean a dreary existence for present and future Social Security and Medicare recipients, and will create a terrible hardship on their children and grandchildren—those who will somehow have to support retired family members.

Must it be so? Must we break our solemn commitments to the men and women who worked so hard, and paid their fair share into Social Security and Medicare?

No, it need not happen, not if you will join with me and millions of Americans to stop it—right now.

The politicians say we can't afford Social Security and Medicare. But, they say we can afford ever increasing welfare payments.

They don't say we can't afford millions upon millions of new South American and Asian and Haitian immigrants.

They don't say their rich corporate buddies have to give up their tax loopholes.

They don't say we should stop the illegal aliens who cost billions each year.

And they don't say we can't afford the politicians' limousines and foreign

(go to next page, please)

junkets and billion dollar pet projects.

No. They say we can't afford Social Security and Medicare.

They are saying, in effect, "Let the retired widow go without a decent meal or enough heat or health care. Let her live in an unsafe neighborhood, and wear shabby clothes. But please, not one less gallon of gasoline for my limousine!"

Well, we've got to show them! We must take action, by mounting a mass petition drive and forming a huge organization, to Save Social Security and Medicare.

It is my goal to deliver 1,000,000 petitions to the Congress of the United States this year alone. These Petitions demand the preservation of Social Security and Medicare, and keeping the solemn commitment they represent, for our people.

I served as Secretary to the President in the White House when my father held that office.

And I served for 11 years as a Member of the United States Congress.

So I know, better than anyone, how powerful is our "right to petition the government for a redress of our grievances."

So, please, right now, sign and mail me your petition. It has never been so necessary, so urgent, that you take action.

At the same time, please seriously consider joining your National Committee to Preserve Social Security and Medicare.

The National Committee is a non-profit, tax-exempt organization, comprised solely of concerned Americans such as yourself, who have invested a small amount to help block the rich and powerful forces who would destroy Social Security and Medicare.

The National Committee to Preserve Social Security and Medicare is non-partisan and non-governmental. We have no corporate members, no special interest group support, and no source of income other than the voluntary dues of ordinary Americans who want our nation to keep its commitment to the Social Security and Medicare programs.

As a Member, your annual dues are only $10. And for this you will receive a gold embossed personal plastic membership card, a regular newspaper "Saving Social Security" which includes how your Senators and Congressmen stand on Social Security and Medicare, and other vital information on how you can help your cause. Furthermore, your "Saving Social Security" newspaper reports on government

(over, please)

actions such as the proposal to deregulate nursing homes. We believe the standard for nursing homes is already too low.

And your newspaper carries stories about new Social Security, Medicare and other programs for which you may qualify—such as the new hospice and home health care benefit services which are now available.

In addition, as a Member, you will be enrolled in our Legislative Alert Service.

The Legislative Alert Service will immediately advise you, by telegram or letter, of fast breaking developments in Washington with respect to the Save Social Security and Medicare programs.

Your Legislative Alert will also tell you how you can best act to help—such as by calling your Congressman's local office or sending one of your Senators an immediate letter.

And, most importantly, you will be helping to make it possible to continue our work here in The Capitol to protect, defend and improve the Social Security and Medicare Programs.

So, please act today. Mail your Officially Certified Petition to the Congress of the United States today. Hopefully, you will also join your National Committee to Preserve Social Security and Medicare at the same time—but in any case, please act today. I have enclosed a first-class, postage paid envelope for your use.

Urgently awaiting your reply, I am,

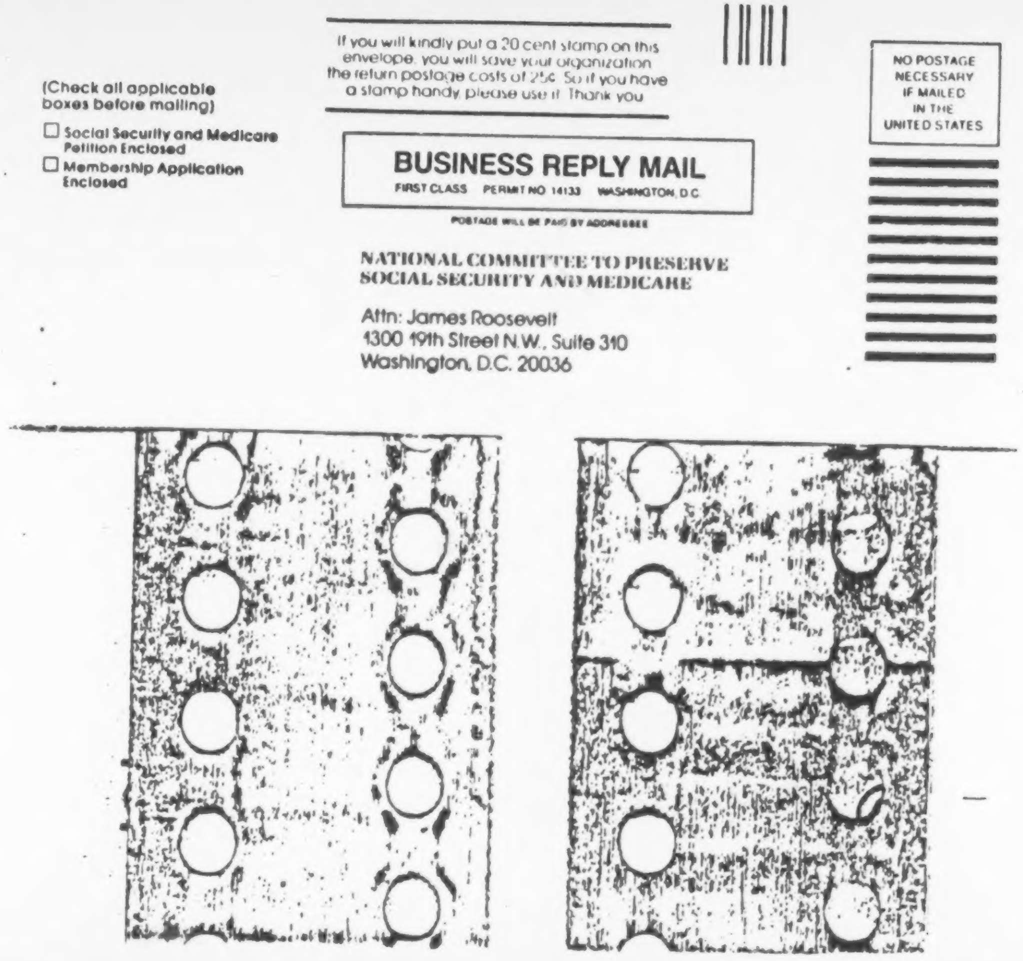
Most sincerely yours,

James Roosevelt.

James Roosevelt
United States Congressman (Retired)
Chairman, National Committee to
Preserve Social Security and Medicare

P.S. Thousands of ordinary Americans, like yourself, have invested an average of $10 to send petitions, such as the one enclosed, to concerned people all across our country. Naturally, they hope you will also join them as Members of the National Committee to Preserve Social Security and Medicare, but even if you cannot afford to join, please do, at least, sign and return your petition.

If you fail to at least return your Petition, the investment of so many Americans will go to waste. At the same time, I will be very disappointed if you don't join, because we must continue collecting petitions and funding our work with the Congress, so join your fellow Americans, as a Member, if you possibly can.



(Check all applicable boxes before mailing)

☐ Social Security and Medicare Petition Enclosed

☐ Membership Application Enclosed

If you will kindly put a 20 cent stamp on this envelope, you will save your organization the return postage costs of 25¢. So if you have a stamp handy, please use it. Thank you

NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES

BUSINESS REPLY MAIL

FIRST CLASS PERMIT NO. 14133 WASHINGTON, D.C.

POSTAGE WILL BE PAID BY ADDRESSEE

NATIONAL COMMITTEE TO PRESERVE
SOCIAL SECURITY AND MEDICARE

Attn: James Roosevelt
1300 19th Street N.W., Suite 310
Washington, D.C. 20036

REVISED DRAFT

National Committee to Preserve Social Security and Medicare
Evaluation of 1984 Social Security Trustees Report

[3
TAB A-4]

Introduction

The 1984 Social Security Trustees Report[*] is often quoted as proof that the 1983 Social Security Amendments restored financial soundness to the Social Security program. The weight of the evidence contained in the report, however, is on the side of caution.

The 1983 Social Security Amendments were a political compromise. Unable to agree on more revenues, policymakers gambled that favorable economic performance would help to get Social Security through the next few years without another ~~crises~~ crisis. The projected safety margins, however, have never been so thin and need to be tripled to reach levels of safety recommended by Social Security Advisory Councils and actuaries. Automatic cuts in the cost-of-living allowance (COLA) and simultaneous financial crises in Social Security and Medicare are not out of the question in the next few years.

Similarly, a long-range actuarial deficit is projected to reappear in a few years based on the intermediate assumptions. Furthermore, little confidence can be placed in the long range assumptions. Long-range costs could be significantly higher.

This is not pleasant news for policymakers, retirees or workers. However, forewarned is forearmed. Another surprise Social Security crisis would shatter a fragile public confidence. Each crisis provides new opportunities to cut benefits or fundamentally change Social Security.

[illegible] footnote

[*] The official name is the 1984 Annual Report of the Board of Trustees of the Federal Old Age and Survivors Insurance and Disability Trust Funds. The two trust funds will be considered as one in this article.

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Short-Range Projections

The good news is that "on the basis of all four sets of assumptions**, the Social Security trust funds would have sufficient assets to permit timely payment of benefits throughout the (short-range, 1984-1988)." 1/ The bad news is that the "level of assets compared to annual expenditures would remain relatively low through about 1987, making the funds somewhat vulnerable, during that period, to certain types of adverse economic conditions (in terms of their effect on the trust funds) than those assumed for alternative III." 2/

At the beginning of 1984, the Social Security trust funds had $38.7 billion including a $12.4 billion loan from Medicare and $13.8 billion advance tax transfers. Advance tax transfers are really a loan from the Treasury of anticipated revenues in the next month. This is like receiving your monthly pay at the beginning of the month rather than ~~then~~ the end? The trust fund pays interest on the Medicare loan but does not pay interest on the loan from the Treasury.

Assets of $38.7 billion appear like a lot of money. Social Security, however, is one of the largest federal programs and expects to spend $181.5 billion in 1984. Assets of $38.7 billion represent only 21.3 percent of annual expenditures (see Chart 1). This trust fund level is the usual measure of the financial condition of Social Security in the short-range. A trust fund level of 21.3 percent is equivalent to only 11 weeks of benefits in the absence of revenue.

The 1983 Social Security Amendments require the trustees to report to Congress with recommendations when the trust fund level, not including the Medicare loan or advance tax transfers, drops below 20 percent. 3/ If these loans are subtracted, the trust fund level in 1984 is only $12.5 billion or 6.8 percent which would not be

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** The report makes four sets of assumptions about the economy and demography. The optimistic assumptions produce the most favorable financial results for Social Security. The pessimistic assumptions produce the least favorable financial results. The two sets of intermediate assumptions use the same demographic assumptions but different economic assumptions. The more pessimistic of the two is referred to as intermediate B and is the most widely quoted.

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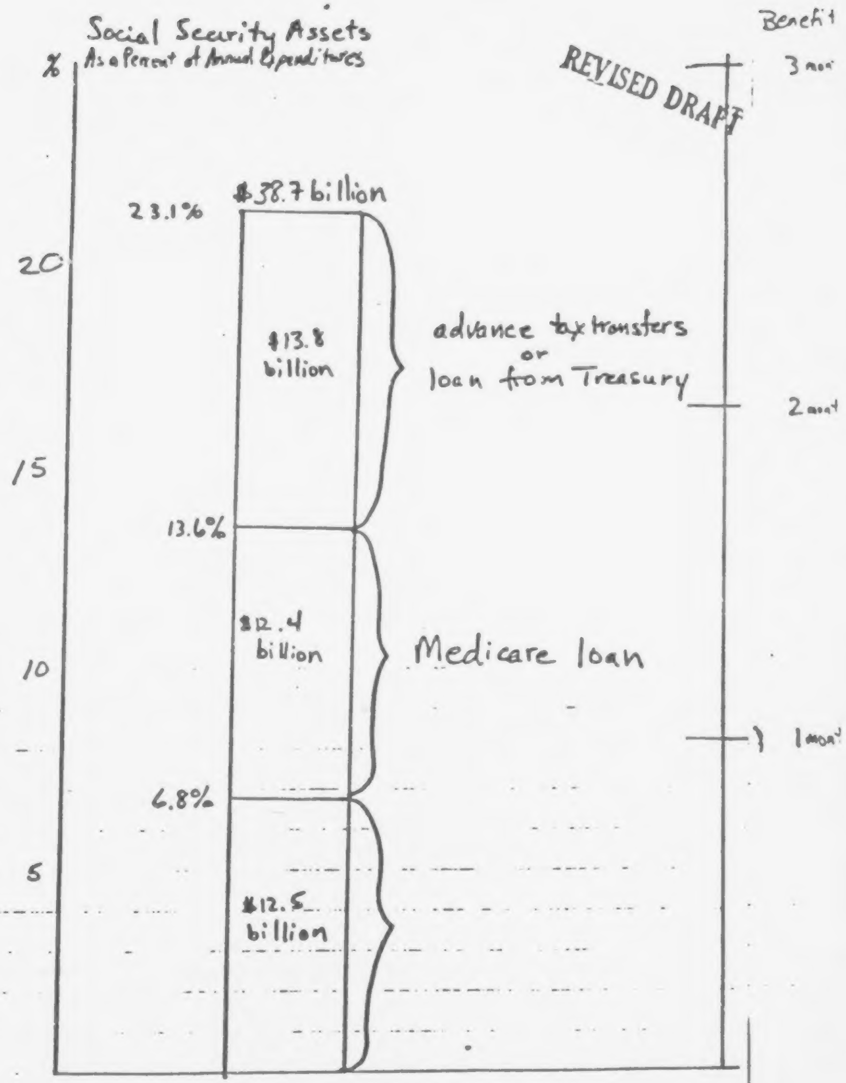

Source: 1984 Annual Report of the Board of Trustees of the Federal Old Age and Survivors Insurance and Disability Insurance Trust Funds

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sufficient to pay benefits for even one month. The trust fund is not projected to be above the 20 percent threshold until 1988.

Automatic Stabilizer to Cut the COLA

Realizing that the trust fund level would continue to be low for several years, the National Commission for Social Security Reform recommended a failsafe automatice stablizer to insure that benefits could continue to be paid in a timely manner. Neither the National Commission or the Congress were able to agree on a mechanism. Instead, Congress passed an automatic stabilizer that works by cutting benefits. If the trust fund level (not including outstanding loans from the Medicare trust fund) falls below 15 percent, cost of living adjustments (COLAs) will be the lower of the increases in wages or prices. 4/

The 1984 trustees report warns that even under the intermediate and optimistic assumptions the fund ratio "would be very close to the 15.0 percent threshold in 1985. Thus the possiblity of a limitation on the automatic benefit in 1985, even under favorable conditions, should not be dismissed." 5/ Furthermore, cuts in the COLA would come on top of the recent six month delay in the COLA.

On the other hand the stabilizer may have "little or no effect" under some economic conditions "such as high unemployment and decelerating wages and prices. . . The relatively low level of (Social Security) assets through about 1987 might prove insufficient to cover the resulting short fall between income and outgo." 6/

Lessons from 1978

Social Security solvency is extremely dependent on consistently favorable economic performance, because the trust fund levels are so low. The trustees report includes a "reasonable range" of alternative economic assumptions and encompass "virtually all projections made by the well-known economic forecasting organizations." 7/ This is itself not adequate with low trust fund levels.

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The 1978 Social Security trustees report, sounding remarkably similar to the 1984 report, concluded that:

> The Social Security Amendments of 1977. . .restore the financial soundness of the cash benefit programs throughout the remainder of this century and into the early years of the next one. 8/

Two years later it was obvious that Congress would need to act to again restore the financial soundness of Social Security.

In evaluating the rosy conclusion in the 1978 report, the Social Security actuary wrote in 1980 that:

> "One might conclude, therefore, that the set of intermediate economic assumptions used in the 1978 trustees' report was reasonable, given widely held opinions at the time about the likely course of the economy. However, another easily drawn conclusion is that the set of pessimistic assumptions was not enough of a warning to policymakers about the real problems implicit in the known weak financing of (Social Security) benefits through the early 1980's. 9/ (underlining added)

Few are willing to acknowledge that the financing is even weaker now.

The projected trust fund levels under the intermediate B assumptions are almost 50 percent lower than the projected trust fund levels were in 1978. Table 1 compares the projected trust fund levels. 1978 levels were adjusted to reflect the loan from Medicare and advance tax transfers.

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Table 1

1978 and 1984 Projected Short-Range Trust Fund Levels
Under Intermediate Assumptions

	1978 adjusted 1/	1984
Year 1	55%	21%
Year 2	47%	22%
Year 3	42%	25%
Year 4	43%	27% 2/
Year 5	42%	29% 2/

1/ 1978 Trust Fund levels were adjusted by adding the 12.4 billion loan from HI and an estimate for advanced tax transfers equal to eight percent.

2/ The loans from the Medicare fund are paid off during these two years keeping the trust fund levels low. Not paying off the Medicare loan would result in trust fund levels of 29 percent and 34 percent in year 4 and 5.

Sources: 1978 and 1984 Annual Reports of the Board of Trustees of the Federal Old Age and Survivors Insurance and Disability Insurance Trust Funds.

The Trust Funds Cannot Absorb a Severe Economic Recession

The crucial problem is that the trust funds are unable to absorb recessionary economic cycles when the levels are low. The economic projections, even the pessimistic projections, are based on economic trends. According to the 1981 trustees report, "After completing the present economic cycle, each (assumption) immediately moves into a relatively steady growth projection in which there are no economic cycles." 10/

"The pessimistic assumptions in the 1984 trustees report include a moderate recession in late 1984 (with a GNP growth rate of 0.4 percent). Under a longer or more severe recession, the (Social Security) program could become unable to make both benefit payments on time and also repay the amounts owed to the Medicare trust fund when needed to pay Medicare benefits" 11/ leading to simultaneous financing crises in Social Security and Medicare. In the last 14 years there were five years with negative GNP growth rates including - 0.3 percent in 1980 and - 1.9 percent in 1982.

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The 1981 trustees report did use a worst case economic scenario but did not continue the practice in future years. Even without a worst case set of economic assumptions the trustees conclude in the 1984 report that, until the late 1980's, Social Security "will remain vulnerable to certain types of adverse economic conditions, such as a more severe recession in 1984-87 than presumed" 12/ for the pessimistic assumptions. Congress should ask the trustees what level of economic performance could result in another Social Security crisis.

Short-Range Trust Fund Safety Levels

The trust fund must have sufficient assets to pay all benefits at the beginning of the month. This implies a minimum trust fund level of eight or nine percent equal to one month's benefits. In addition, the Social Security actuaries consider 20 percent, the minimum level to avoid risking cash flow problems due to normal cyclical fluctuations in the economy. This level would not be a sufficient to cushion the trust fund in the case of a deep or protracted recession. 13/

Advisory Council Recommendations

Both the 1971 and 1979 Advisory Councils on Social Security recommended trust fund levels of 75 percent, more than three times the current level. 14/ The trust fund levels have been less than 75 percent only since 1976. This is not a high level but one that would provide a safety cushion during a severe recession.

Social Security financing is supposed to have a countercyclical effect on the economy. In his statement upon signing the Social Security Act in 1935, President Roosevelt said that Social Security "is a structure intended to lessen the force of possible future depressions. . .The law will flatten out the peaks and valleys of deflation and inflation." 15/

The Committee for Economic Development has also been critical of the low trust fund levels because the trust fund is no longer able to help stabilize the economy. Rather than dampen economic crises, Social Security has added to them. 16/ The

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negative economic climate is also an unfavorable time to consider changes in Social Security financing.

Forecasting Errors

Another study by Social Security actuaries reveals the possible swings in the trust fund ratio based on forecasting errors. Actual economic performance is difficult to forecast even in the short run. The actuaries modified the 1981 trustees report by the forecasting errors for each of the first five projection years in each trustees report from 1970 through 1976. They concluded that "forecasting errors of those sets of assumptions produce formula differences for fifth year fund ratios that range from eight percentage points to 42 percentage points" Chart 2 illustrates the differences in trust fund levels at the end of the short-range projection period based on historical forecasting errors. By adding the maximum forecasting error of 42 percent ~~should be added~~ to the 20 percent minimum level results in a trust fund safety level of over 60 percent during the short-range.

Trust Fund Improvements

It may not be possible to achieve adequate trust fund balances from 60 to 75 percent immediately. It would require substantial increases in taxes or cuts in benefits. However, it is important to make steady and rapid improvements in the trust fund levels and to have a failsafe automatic stabilizer. Under the intermediate assumptions, the trust fund levels will barely improve between 1984 and 1985, from 21.3 percent to 21.5 percent. Even under optimistic assumptions the improvement is less than 1 percent and it will deteriorate under pessimistic assumptions. Trust fund levels are projected to range from 18 to 40 percent at the end of the 6 year short-range projection period, all considerably under the 60 to 75 percent safety level.

The economy has performed better than assumed during the first half of 1984, along the lines of the optimistic economic assumptions. Such promising performance is no guarantee against a recession in the next few years. High economic growth may be a sign of an overheated economy that will collapse into a recession rather

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than sustainable economic growth. Three years of GNP growth of five percent or more in 1976, 1977 and 1978 preceded the low economic growth period from 1979 to 1982 leading up to the last Social Security financing crisis.

Long-Range Actuarial Balance

The reassuring long-range conclusions in the trustees report are also clouded by future long-range deficits and shaky assumptions.

Long-range costs and income are measured as a percent of adjusted taxable payroll. The income rate is equivalent to the payroll tax rate plus income from the taxation of benefits. The combined employer employee payroll tax rate is currently 11.4 percent and is scheduled to be raised to 12.12 percent in 1988 and 12.4 percent in 1990. The average long-range payroll tax rate will be 12.3 percent. The total average income rate including income from taxation of benefits will be 12.9 percent over the next 75 years under the intermediate B assumptions. Interest income is not included.

The average cost rate is projected to be 12.95 percent of taxable payroll under intermediate B assumptions. The average cost rate thus would be 0.5 percent of taxable payroll greater than the average income rate over the next 75 years. This deficit is negligible and within the 95 to 105 percent range defined as "close actuarial balance."

The pattern of annual cost and income rates, however, are very different. The rates are charted below. The income rate rises slightly in the next few years and then remains level during the rest of the long-range period. The annual cost rate however, is expected to drop gradually from 11.32 percent to 9.94 percent in 2005. In the following 30 years, it will rise sharply, leveling out between 15.30 and 15.40 percent of payroll.

The chart illustrates the surplus that will be built up in the first period (area A). The trust fund consequently peaks at a level over five times annual expenditure around the year 2015. This surplus is wisely being planned as a cushion to guarantee the payment of retirement benefits to members of the baby boom generation when they begin to retire. A temptation will be to solve Medicare's problem in the 1990's by giving

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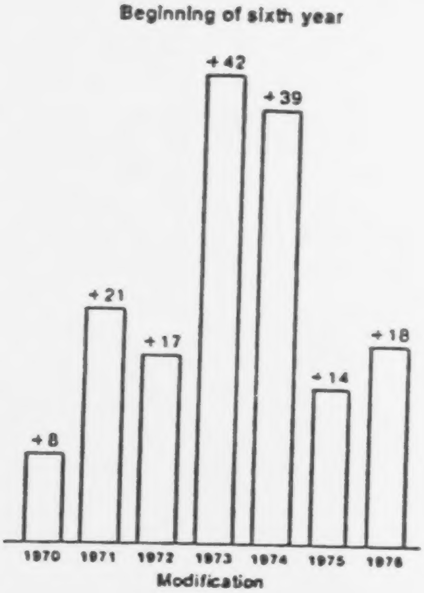
Chart 2. ~~Table~~ ~~Forecasting Err~~

Differences in 1981 Trust Fund Levels at the End of the Short Range Projection Period based on ~~the~~ Historical Forecasting Errors, 1970-1976



Source: Dwight K. Bartlett, III and Joseph A. Applebaum, "Economic Forecasting: Effect on Errors on OASDI Fund Ratios," Social Security Bulletin, January 1982, p.1

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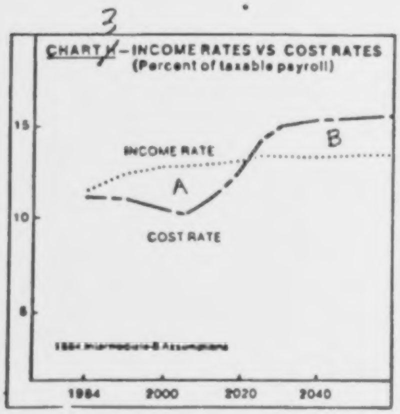

CHART ~~4~~ 3 —INCOME RATES VS COST RATES
(Percent of taxable payroll)

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it surpluses from Social Security. This will hide the Medicare financing problem and undermine Social Security financing.

In the early 2020's the cost rate is projected to become more than the income rate leading to annual deficits. By the end of the long-range period the accumulated deficit (area B) will equal the earlier surplus (area A) and we will be back to today's condition with almost no trust fund.

More disturbing, the cost rate at that time will be 15.45 percent and the income rate will be 13.16 requiring a 17 percent increase in the payroll tax rate. The long-range actuarial deficit also will grow. Within the next 10 years, if assumptions remain unchanged, the long-range projections will not show close actuarial balance even after payroll tax increases in 1988 and 1990. The trustees conclude that "at some point, either the costs would need to be reduced or the income would need to be raised in order to maintain actuarial balance." 18/ The American public is unprepared for this news.

Unfortunately, projections based on long-range assumptions "are subject to considerable uncertainty." 19/ Long-range assumptions are fundamentally guesswork. Former Social Security actuary A. Haeworth Robertson has written that the pessimistic assumptions, particularly for fertility and the growth in real wages "are probably a more realistic basis for making benefit promises fifty years hence than are the intermediate assumptions." 20/ Some observers also question the mortality rate.

Fertility Rate. The long-range intermediate assumption for fertility used by the U.S. Census Bureau in their population projections is lower than in the 1984 trustees report. A lower rate increases the cost of Social Security in the long-range.

The fertility rate estimates the average number of children per woman who survive past child bearing age. A fertility rate of 2.1 is considered the replacement rate. The fertility rate dropped to an all time low in 1976 of 1.7 but is currently between 1.8 and 1.9. The Census Bureau's long-range intermediate assumption is 1.9. The trustees used a 1.9 long-range fertility assumption in 1976 but raised it in subsequent years to 2.1. In the 1983 and 1984 report it was lowered to 2.0. The Census Bureau

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assumes that recent experience reflects the long-range lower trend. The trustees are betting that long-range fertility rates will not be much lower than the replacement rate.

Mortality Rates. Choosing mortality rates is also a gamble. Declining mortality rates, particularly at older ages, mean longer life expectancy and more cost in Social Security benefits. The trustees expect continued improvement but slower than in the immediate past. However, the director of the aging program at the Congressional Office of Technology Assessment says that "data in the last decade suggest that we can expect dramatic increases in life expectancy at older ages in the future due to improvements in medical technology and chronic health care."

Real Wage Growth. The key long-range economic assumption is real wage growth (the increase in wages above the CPI). The higher the real wage growth, the better financial condition Social Security will be in. The long-range intermediate B assumptions, the more economically pessimistic of the two intermediate assumptions, assumes average real wage growth of 1.5 percent even though the average over the last 30 years was only 1.1 percent.

The - 0.8 average real wage growth between 1974 and 1983 was the prime culprit in the short-range financing crises of 1977 and 1983. Labor cannot sustain real wage growth during periods of high inflation and recession. The underlying cause, however, of average real wage growth is productivity. When productivity is high, real wage growth is high.

Large numbers of new workers from the baby boom generation and among women swelled the labor force in the last 10 years. Because of their relative inexperience, lower productivity and average real wage growth is not surprising. In turn, as these workers gain experience, an increase in productivity and real wage growth is likely in the future.

The number of workers per beneficiary which will be between 3 and 3.5 for the next 20 years will drop to 2 by the year 2045. To sustain the national standard of living, higher increases in productivity will be needed. Since productivity is dependent on

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many other variable (capital, savings and investment), we will not know what to expect until then.

The financial impact of variations in assumptions is large. Table 2 shows the income and cost rates for each set of assumptions. If the pessimistic assumptions are closer to reality than the intermediate assumptions, payroll taxes would have to be raised immediately by 30 percent from the current 11.4 percent to over 16 percent to achieve long-range actuarial balanace. And the annual cost rates under the pessimistic assumptions will grow from 11.46 percent to 26.11 percent (see chart).

Table 2

Estimated Cost and Income Rates as a Percent of Taxable Payroll for Social Security, 1984-2058

	Income Rate	Cost Rate	Payroll Tax Increase or Decrease Needed for Actuarial Balance
Optimistic	12.78	10.01	-21.7%
Intermediate A	12.86	12.21	-5.1%
Intermediate B	12.90	12.95	0.4%
Pessimistic	13.10	17.22	31.5%

Neither can a financially optimistic economic and demographic scenario be ruled out leading to lower payroll tax rates. Furthermore, the trustees caution that "future (Social Security) cost rates will not necessarily fall within the range defined by the results based on the (optimistic and pessimistic) assumptions. 21/

CONCLUSION

This article highlights that the financial soundness of Social Security is dependent on strong economic performance in the short-range and shaky economic and demographic assumptions in the long-range. More fundamentally, Social Security financing requirements must be reviewed periodically. Even if long-range assumptions remain unchanged, an actuarial deficit will reappear in a few years.

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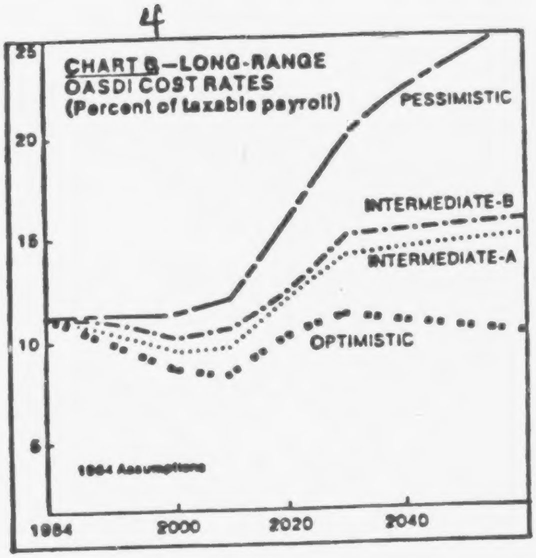

CHART 6—LONG-RANGE OASDI COST RATES (Percent of taxable payroll)

1984 Assumptions

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The worst solution is to lull the American publican into complacency by falsely reassuring them that Social Security financing has been solved for all times. It is important to continue public discussion about the financing of Social Security. Some of the questions about Social Security financing are:

1. Should we build up a partial fund for the baby boom generation and to keep down the cost of Social Security?

2. If we build a fund, how do we protect it from plundering?

3. What level of payroll tax rates are the public prepared to pay?

4. Are there other sources of revenue on either a temporary or permanent basis that are appropriate, especially as a way of solving inequities between generations?

The Senior Focus on Washington will discuss these questions in future issues.

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Footnotes

1/ 1984 Annual Report of the Board of Trustees of the Federal Old Age and Survivors Insurance and Disability Insurance Trust Funds, April 5, 1984, p.4.

2/ Ibid.

3/ The Social Security Amendments of 1983, Section 143.

4/ Ibid., Sec. 112.

5/ 1984 Annual Report of the Board of Trustees of the Federal Old Age and Survivors Insurance and Disability Insurance Trust Funds, p.42.

6/ Ibid.,?

7/ Ibid.

8/ 1978 Annual Report of the Board of Trustees of the Federal Old Age and Survivors Insurance and Disability Insurance Trust Funds, p.2.

9/ Dwight K. Bartlett, III, "Current Developments in Social Security Financing," Social Security Bulletin, September 1980, p.19.

10/ 1984 Annual Report of the Board of Trustees of the Federal Old Age and Survivors Insurance and Disability Insurance Trust Funds, p.91.

11/ 1984 Annual Report of the Board of Trustees of the Federal Old Age and Survivors Insurance Trust Funds, p.48.

12/ Ibid., p.42.

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13/ 1981 Annual Report of the Board of Trustees of the Federal Old Age and Survivors Insurance and Disability Insurance Trust Funds, p.91-98.

14/ "Social Security Financing," Social Security Bulletin, May 1980, p. 26 and Robert J. Myers, Social Security (2nd edition), Richard D. Irwin, Inc., Homewood, Illinois, 1981, p.281.

15/ Reported in Robert J. Myers, Social Security, p.871.

16/ A statement by the Program Committee of the Committee for Economic Development, "Social Security from Crisis to Crisis," February 1984, p.10.

17/ Dwight K. Bartlett, III and Joseph A. Applebaum, "Economic Forecasting: Effect of Errors on OASDI Fund Ratios," Social Security Bulletin, January 1982, p.14.

18/ 1984 Annual Report of the Board of Trustees of the Federal Old Age and Survivors Insurance and Disability Insurance Trust Funds, p.74.

19/ Ibid., p.5.

20/ "How to Read the 1984 Social Security Trustees' Report." The Mercer Bulletin, May 1984.

21/ 1984 Annual Report of the Board of Trustees of the Federal Old Age and Survivors Insurance and Disability Insurance Trust Funds, p.75.

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PRIOR TO PUBLICATION

[TAB 3 A-5]

HAVE YOU CHECKED YOUR PERSONAL SOCIAL SECURITY Record? ~~[illegible]~~ [STATEMENT?] IF EARNINGS ARE INCORRECTLY POSTED, YOU COULD LOSE THOUSANDS IN BENEFITS!

FDR
Picture

Most people don't realize the many errors made in crediting earnings to personal Social Security Records ~~Accounts~~. If not discovered soon after being made, they may be difficult to ~~often can never be~~ correct~~ed~~. This could reduce your benefits every month for life!

Don't be a victim of clerical mistakes. You can write for your Earnings Statement from the Social Security Administration or mail the attached postage-free card and I'll send you, at no cost, a simple form to obtain it. Please do it NOW -- errors cause tragic and needless benefit losses.

I wish the only problem with Social Security -- and Medicare too -- were administrative mistakes. Unfortunately, we have far more to fear from constant Congressional attempts to cut benefits from both of these vital programs.

My father fought hard to start Social Security and I know he would want me to fight hard to save Social Security and Medicare. That is exactly what I and over 5,000,000 members and supporters of the National Committee to Preserve Social Security and Medicare are doing.

Picture

When I receive your card, in addition to sending the form to check your Social Security ~~account~~ record, I'll explain how just your signature can help in our struggle to keep all benefits at full strength. If I can hand your Congressman and Senators your petition demanding just that -- along with petitions from thousands of others -- they will pay attention.

Please send the attached card TODAY -- be certain your Social Security ~~account~~ record is correct and take a mighty step to insure that you get the full benefits you have paid for.

James Roosevelt

[3 TAB-B]

PUBLIC AFFAIRS HANDBOOK

MISLEADING ADVERTISING

MISLEADING ADVERTISING

Summary

More and more commercial publishers and other firms are offering to sell various kinds of booklets on Social Security or to provide services for a fee through newspaper advertising, direct mail, and other forms of advertising. Some of these publishers make extravagant promises concerning windfalls that are available only through their own publications. Others emphasize minor or narrow provisions of the law that affect few people. Several offer to obtain a statement of a person's earnings covered by Social Security or to help obtain a Social Security number for a bride or an infant. Still others seek to raise funds to promote a particular point of view. This part of the Handbook is designed to help you deal with misleading or deceptive ads that may appear in your service area touting such publications or services.

Sections

- Forms of misleading advertising
  - —Products
  - —Services
  - —Fund-raising appeals
  - —Use of Social Security in organization's name
- Where/how do the ads appear?
- Use caution!
- How should we combat misleading advertising?
- Sample releases, questions & answers, PSA's, and letters
- Repro materials

Forms of misleading advertising

Products

Commercial books, pamphlets, etc., ranging in cost up to $10, often promise to provide the reader with secrets on Social Security. Generally they contain no information that is not in our own publications, which are, of course, available at no cost from local Social Security offices. Some publishers submit their material to SSA for review, while others do not. In some instances, we have been successful in convincing publishers to modify their advertising to make it less misleading.

Services

In addition to firms selling a product, there are those that try to sell a service. Common examples are firms that offer to have a newly married woman's name changed in Social Security records for a fee, to obtain a Social Security number for newly born infants, or to obtain a statement of a person's earnings record. These firms get their information from local government records. The reader is often unaware that the information can be obtained at no cost—and often more simply—through SSA. Generally the only step SSA can take in these instances is to publicize the availability of free services in areas in which the firms operate.

Fund-raising appeals

As public awareness of the issues facing the Social Security system has increased in recent years, a number of organizations have undertaken direct mail campaigns to raise funds in order to publicize a particular point of view or course of action on Social Security. The organizations making these appeals are generally nonprofit organizations and range across the political spectrum.

The mailings tend to make statements that some may view as extreme, depending on a person's point of view. But they all support a particular position in regard to Social Security. They purportedly all want to "save Social Security" but advocate different approaches to solving the system's problems. All are intent on raising funds.

In general, SSA takes no position on these fund-raising appeals because it neither supports nor attacks the legitimate efforts of organizations to raise money in this manner. If the fund-raising materials contain misleading or incorrect statements, the organization is contacted and asked to make corrections.

Using "Social Security" in firm's name

On occasion, a firm will use the words "Social Security" or the acronym "SSA" in its title. Neither "Social Security" nor "SSA" should be a part of the name of a private business that specializes in handling Social Security matters because this may mislead the public into thinking that the business was associated with the Social Security Administration. When this occurs, SSA contacts the firm and requests that it not use "Social Security" or "SSA" at all or, at the least, that its advertising and stationery carry the notation that it is not associated with the Federal Government or SSA. Failure to comply could lead to a referral to the Federal Trade Commission.

Where/how do the ads appear?

Products and services or fund-raising appeals that may fall under the heading of misleading advertising may appear in newspapers and magazines, on radio or television, or may be distributed by direct mail. Telephone solicitation is another possibility.

Use caution!

Be careful not to appear to be interfering in a legitimate business activity by advising people not to buy the advertised material or service. On the other hand, we have an obligation to inform people that they can get complete, accurate, up-to-date information and Social Security services at no cost at any Social Security office.

How should we combat misleading advertising?

A "common sense" approach should be taken when evaluating an advertisement. Immediately suspect are ads that promise immediate financial return if the reader buys the product or ads that give overly prominent display to narrow provisions of the law, inferring that they have wide application. Ads that use scare tactics or those that promise secret or "inside" information fall within this category as well.

SSA has no legislative or regulatory authority to take action against any of these firms; however, when we believe the mail is being used to obtain money through misrepresentation or a company is using unfair or deceptive acts in commerce, we can refer the advertising to the U.S. Postal Service or the Federal Trade Commission. Without criticizing the firms involved, our best resource is to publicize the availability of SSA services and that we do not charge for them.

Whenever a blatantly misleading advertisement appears in a newspaper in your area, contact the editor and offer one of the attached draft news releases for publication in that paper.

Any misleading advertising or other questionable materials should be forwarded to the Office of Governmental Affairs through the External Affairs Officer in the Office of the Regional Commissioner; however, since mailings are usually based on zip codes, local offices should be alert to the possibility of misleading advertising and should be prepared to take appropriate action.

The Press Office is responsible for handling any inquiries concerning misleading advertising coming from the national media. The Office of Information (OI) works with the Press Office by providing the information needed to refute advertisers' claims.

OI deals with organizations other than the media that operate nationally. For example, a firm that uses "Social Security" on its letterhead would be informed that this could be misleading and should be changed. The firm might also be asked to include a disclaimer that it is in any way associated with the Social Security Administration or with any other governmental agency. OI will also correct errors of fact.

If the organization does not make an appropriate response, the United States Postal Service may be asked to investigate. The Service has the authority to prevent an organization from soliciting money through the mails by false representation.

OI also seeks to combat misleading advertising through its various communications vehicles, such as the *Monthly Information Package*, *Information Items*, *Newsposters*, and by the issuance of Public Information Program Circulars.

However, the most important role in combating misleading advertising is that of the field offices. Many advertisers operate on a selective rather than a national scale. That is, they will target their efforts against a major metropolitan area or to certain zip codes. Field offices should be alert to this kind of activity and should use the local media to correct mistruths and half truths. The sample releases at the end of this section can be used for this purpose.

Sample releases, Q&A's, PSA's and letters

This section contains a variety of materials that can be used to counter misleading advertising. They should be tailored to meet the specific needs of each service area.

The materials are largely self-explanatory. For example, one sample press release concerns books that claim to provide "inside" information—information that is available without charge at any Social Security office. Similarly, a radio spot advises that benefit estimates may be obtained without charge from any Social Security office.

Material designed for radio use includes public service announcements and an interview dealing with the sale of Social Security-related services.

The last items in this section consist of repro-art, which can be offered to appropriate publications in the service area.

APPENDIX A
ITEM 4

Attached is a copy of a letter to Chairman Jacobs that more fully explains the nature of SSA's agreement with Benefacts, Inc.

Attachment

THE COMMISSIONER OF SOCIAL SECURITY
BALTIMORE, MARYLAND 21235

MAR 30 1987

Honorable Andrew Jacobs, Jr.
Chairman, Subcommittee on
Social Security
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

At the March 10 hearing you raised the issue of earnings information which the Social Security Administration (SSA) provides for a fee to a number of private firms, including Benefacts, Inc.

The earnings information furnished upon request is tax return information as defined in the Tax Reform Act of 1976 and can be released only as provided in the Internal Revenue Code. In effect, SSA serves as the Internal Revenue Service's agent for maintenance and disclosure of the earnings information. Section 6103(c) of the Internal Revenue Code provides that information regarding any taxpayer may be disclosed only to that taxpayer or to any other person at the taxpayer's request. Therefore, all requests for earnings information from private firms or individuals must be accompanied by a signed authorization from the individual involved.

Pension plans and their agents request earnings information in order to comply with provisions of the Employee Retirement Income Security Act (ERISA) and to administer the pension plans. SSA currently has agreements with pension plans and their agents to provide earnings information that will allow the pension plan to give plan participants information about their vested pension rights, as required under ERISA. Pension plans also request earnings information to calculate offsets in the pension amount and to monitor compliance with requirements that limit the amount of earnings a pensioner can have and still receive the pension. SSA is paid for the cost of providing such information because it is used for a nonprogram purpose. As you know, there is no charge for information requested for a Social Security program purpose, such as to verify an individual's earnings record.

Benefacts is the only firm with which SSA has a reimbursable agreement to provide earnings information which is not related to a pension plan purpose. Pursuant to the Tax Reform Act of 1976 SSA provides information to Benefacts because the individual has authorized us to furnish the information. Information is provided to Benefacts under a reimbursable agreement using a tape-to-tape process. Since December 1985, a total of 24,312 earnings requests have been processed under this agreement. At the time this agreement was entered into, Benefacts had already been requesting earnings information from SSA for nearly a decade as an agent for pension plans. Before SSA entered into an agreement with Benefacts, their proposed advertisement was reviewed to be certain that the authorization form was valid under the Internal Revenue Code requirements and not misleading. Another private company which intends to provide the same type of service as Benefacts has asked to enter into a reimbursable agreement; they have not yet signed the agreement but are expected to do so.

Enclosed is a copy of a sample statement prepared by Benefacts which it sends to individuals. Also enclosed is a copy of the statement of earnings which SSA provides to individuals. Upon specific request, SSA will also provide a benefit estimate and year-by-year earnings totals.

I believe that the earnings statements and benefit estimates which SSA provides do not meet the public's needs for assuring that their earnings records are correct and for considering potential Social Security benefits in their future financial planning. Therefore, SSA is now testing a number of possible expansions and clarifications of the information provided. Some of the elements being considered are:

- Year-By-Year earnings totals from 1951 to the present;
- Estimates of retirement benefits at full retirement age and at age 62 and estimates of disability and survivors benefits; and
- A projection of the worker's expected future earnings in the retirement estimate calculation.

Testing of the new earnings statement will be completed by May 1987. Test results will ensure a better understanding of the public's needs and their reaction to the proposed improvements. As we proceed, we will keep you informed of our progress.

Similar information has been sent to other members of the Subcommittee on Social Security and Representative Pickle.

Please let me know if I can provide any additional information.

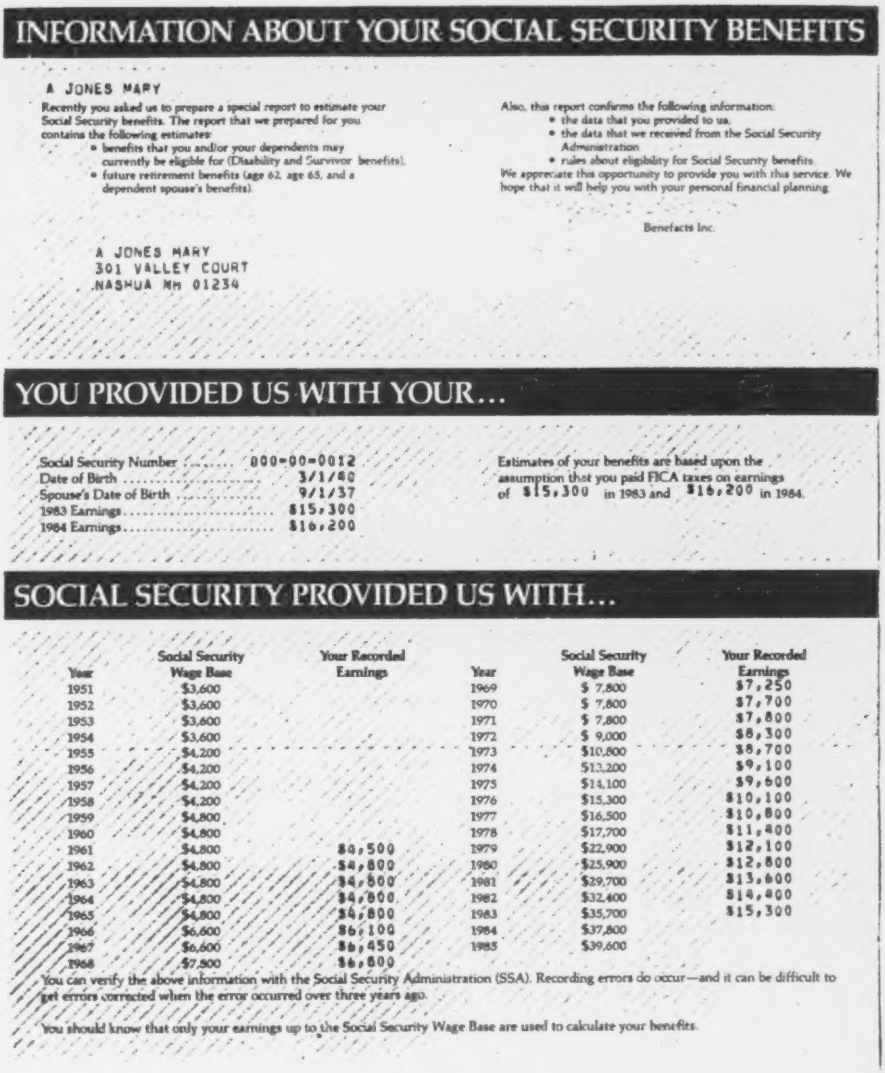
Sincerely,

Dorcas R. Hardy

Dorcas R. Hardy
Commissioner
of Social Security

Enclosures

BENEFACTS FORM



INFORMATION ABOUT YOUR SOCIAL SECURITY BENEFITS

A JONES MARY

Recently you asked us to prepare a special report to estimate your Social Security benefits. The report that we prepared for you contains the following estimates:

- benefits that you and/or your dependents may currently be eligible for (Disability and Survivor benefits).
- future retirement benefits (age 62, age 65, and a dependent spouse's benefits).

Also, this report confirms the following information:

- the data that you provided to us.
- the data that we received from the Social Security Administration.
- rules about eligibility for Social Security benefits.

We appreciate this opportunity to provide you with this service. We hope that it will help you with your personal financial planning.

Benefacts Inc.

A JONES MARY
301 VALLEY COURT
NASHUA NH 01234

YOU PROVIDED US WITH YOUR…

Social Security Number 000-00-0012
Date of Birth 3/1/40
Spouse's Date of Birth 9/1/37
1983 Earnings $15,300
1984 Earnings $16,200

Estimates of your benefits are based upon the assumption that you paid FICA taxes on earnings of $15,300 in 1983 and $16,200 in 1984.

SOCIAL SECURITY PROVIDED US WITH…

Year	Social Security Wage Base	Your Recorded Earnings	Year	Social Security Wage Base	Your Recorded Earnings
1951	$3,600		1969	$ 7,800	$7,250
1952	$3,600		1970	$ 7,800	$7,700
1953	$3,600		1971	$ 7,800	$7,800
1954	$3,600		1972	$ 9,000	$8,300
1955	$4,200		1973	$10,800	$8,700
1956	$4,200		1974	$13,200	$9,100
1957	$4,200		1975	$14,100	$9,600
1958	$4,200		1976	$15,300	$10,100
1959	$4,800		1977	$16,500	$10,800
1960	$4,800		1978	$17,700	$11,400
1961	$4,800	$4,500	1979	$22,900	$12,100
1962	$4,800	$4,800	1980	$25,900	$12,800
1963	$4,800	$4,800	1981	$29,700	$13,600
1964	$4,800	$4,800	1982	$32,400	$14,400
1965	$4,800	$4,800	1983	$35,700	$15,300
1966	$6,600	$6,100	1984	$37,800	
1967	$6,600	$6,450	1985	$39,600	
1968	$7,800	$6,800			

You can verify the above information with the Social Security Administration (SSA). Recording errors do occur—and it can be difficult to get errors corrected when the error occurred over three years ago.

You should know that only your earnings up to the Social Security Wage Base are used to calculate your benefits.

Not so! An age 65 retirement benefit is only one of several benefits available from Social Security. You may qualify for other benefits including:

- retirement benefits as early as age 62
- retirement benefits for a dependent spouse
- disability benefits for you and your dependent family
- continuing income benefits to your surviving dependents
- Medicare

OUR ESTIMATES OF YOUR CURRENT BENEFITS…

If you are disabled and the disability is expected to last at least 12 months or end in your death, disability benefits may be available through Social Security. If your disability begins in 1985 and you have 23 quarters of coverage, with 20 earned in the last 10 years before your disability, here are the benefits you may receive:

$626	per month for you while you are totally disabled. Payments would start 5 months after your disability begins; Plus, up to
$313	per month for your **dependent** family while they qualify.

When you are totally disabled for 24 months you can apply for MEDICARE.

If you die during 1985 and have 23 quarters of coverage, your dependents can apply for the following benefits:

$471	per month for each dependent child until age 18 (19 if a full time high school student)
$471	per month for your dependent spouse (any age) who would be caring for your dependent child under age 16 (or $449 for a spouse over age 60, with no children)
MAXIMUM MONTHLY BENEFIT	The total monthly benefit will not be more than $1,118 which is your family's maximum benefit.

There is also a one-time payment of $255 to your qualifying survivor at the time of your death.

OUR ESTIMATES OF YOUR RETIREMENT INCOME…

Assuming you continue to earn at least $16,200 each year until you retire and that you will have 40 quarters of coverage when you retire,

Age 62 Retirement on 3/1/02

$476	per month for you, plus
$295	per month for an eligible spouse (see "Spouse's Retirement Income")

Age 65 Retirement on 3/1/05

$645	per month for you, plus
$334	per month for an eligible spouse (see "Spouse's Retirement Income")

Later Retirement
You can also delay your retirement beyond age 65 and may receive a higher monthly benefit.

YOUR SOCIAL SECURITY NORMAL RETIREMENT AGE IS 65 YEARS AND 6 MONTHS.

IF YOU WERE TO RETIRE ON YOUR SOCIAL SECURITY NORMAL RETIREMENT AGE, YOU MAY RECEIVE $668 PER MONTH AND AN ELIGIBLE SPOUSE MAY RECEIVE $334 PER MONTH.

Spouse's Retirement Income
In order for a spouse to receive the retirement benefit, he/she must have been married to you for at least one year at the time of your retirement. A spouse's retirement benefits would not be payable until he/she is at least 62.

A spouse who paid FICA taxes for 10 years or more may be entitled to receive higher retirement benefits than are reported on this statement.

SSA FORM

Social Security
Summary Statement of Earnings

FROM OFFICE OF CENTRAL RECORDS OPERATIONS
300 N. GREENE STREET
BALTIMORE, MARYLAND 21201

DATE XXXXXXXXXX XX, XXXX

XXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXX
99999-9999

SOCIAL SECURITY NUMBER: 999-99-9999
NAME: XXXXXXXXXXXXXXXXXXXXXXXXXXX
DATE OF BIRTH: 99/99/99

THIS IS A STATEMENT OF THE EARNINGS SHOWN ON YOUR SOCIAL SECURITY RECORD. INCLUDED ARE WAGES YOU HAVE HAD FOR COVERED EMPLOYMENT AFTER 1936 AND ANY EARNINGS FROM COVERED SELF-EMPLOYMENT AFTER 1950. BECAUSE OF THE TIME NEEDED TO PROCESS ANNUAL WAGE REPORTS, THIS STATEMENT WILL NOT INCLUDE YOUR EARNINGS FOR THIS YEAR (WHICH WILL BE REPORTED AFTER THE END OF THE YEAR), AND MAY NOT INCLUDE SOME OR ALL OF YOUR EARNINGS FOR LAST YEAR.

PLEASE READ THE ENCLOSED LEAFLET IF YOU DISAGREE WITH THIS STATEMENT. IT IS IMPORTANT THAT YOUR RECORD BE CORRECT BECAUSE ENTITLEMENT TO MONTHLY BENEFITS AND MEDICARE WILL DEPEND ON IT. IF YOU WAIT MORE THAN 3 YEARS, 3 MONTHS AND 15 DAYS AFTER THE YEAR AN ERROR OCCURS, CORRECTION MAY NOT BE POSSIBLE.

YEARS	COVERED EARNINGS (NOT SOCIAL SECURITY TAXES)
1937 THRU 1950	$ 1,088.11
1951 THRU 1981	84,835.42
1982	NONE
1983	NONE
1984	NONE
1985 NOT YET COMPLETED	
TOTAL EARNINGS	$ 85,923.53

BASED ON THE DATE OF BIRTH SHOWN ABOVE, YOU NEED XX QUARTERS OF COVERAGE TO BE INSURED FOR RETIREMENT BENEFITS. OUR RECORDS SHOW YOU NOW HAVE MET THIS REQUIREMENT.

BASED ON THE COVERED EARNINGS SHOWN ON THIS STATEMENT, YOUR MONTHLY BENEFIT AT RETIREMENT AGE WOULD BE ABOUT $9999.99.

THIS IS NOT A FORMAL DETERMINATION. YOUR ACTUAL QUARTERS OF COVERAGE AND THE AMOUNT OF ANY BENEFITS PAYABLE CAN ONLY BE DETERMINED AFTER YOU FILE AN APPLICATION. SEE THE ENCLOSED LEAFLET FOR MORE INFORMATION.

ENCLOSURE

APPENDIX B

Following are samples from the Subcommittee files of mailings of the National Committee to Preserve Social Security and Medicare.

JAMES ROOSEVELT
United States Congressman (Retired)
Washington, D.C.

Mrs Luna S Hoover
1300 19th Street NW Ste 310
Washington, DC 20036

Dear Mrs Hoover:

Enclosed are two checks. One for $10 and the other for $15.

Both are payable to your National Committee to Preserve Social Security and Medicare.

But without your continued support the checks are worthless.

Let me explain.

A close friend of the National Committee's has contributed a substantial amount of money--thousands of dollars--to our fight to stop raids on the Social Security Trust Fund.

But there's one condition.

Mrs Hoover, our friend has said his donation must be matched dollar for dollar by other Members of the National Committee.

This decision, I think, was a wise one. Because it means when you return your contribution of $10 a total of $20 will be added to our fight against future raids on the Social Security Trust Fund.

If you can send $15, this special project will recieve $30.

And if you can match both the enclosed $10 and $15 checks with your contribution of $25, a total of $50 will go into our battle fund.

Mrs Hoover, I think you see the opportunity our friend's challenge has given us.

For every dollar you contribute, up to the full

(next page please)

matching fund amount, the value of your contribution will be doubled!

And there has never been a more critical time for your continued support! If, however, you cannot match any portion of the challenge fund, it is urgent that you return the enclosed checks so I can send them to someone else.

Why? Because we must begin a massive lobbying campaign in Washington to pass the Social Security Trust Fund Safeguard Act, a critical new bill to stop misguided government officials from destroying the foundations of the Social Security program.

In September, October and November of 1985, the Secretary of Treasury took $28,000,000,000.00 (28 billion dollars) out of the Social Security Trust Fund.

This Trust Fund money was spent to pay for foreign aid, defense contracts, welfare payments and other government expenses which have absolutely nothing to do with Social Security.

These raids took away 76% of the Trust Fund assets!

By the time these raids ended only enough money was left in the Trust Fund to pay for half of one month's Social Security benefits.

Fortunately, thanks to your past support, the National Committee acted. After intense lobbying pressure, Congress returned the Trust Fund's assets.

But this is only a temporary solution. Reckless government officials can still empty the Trust Fund at any moment.

Unless we stop them now, our Social Security benefits will never be safe.

That is why United States Congressman William Clinger, at the urging of your N.C.P.S.S.M. organization, introduced the Social Security Trust Fund Safeguard Act into Congress which your National Committee helped to draft.

Our staff and lobbyists are working hard to have our Social Security Trust Fund Safeguard Act passed

(please turn page)

because it will restore the safety and independence to the Trust Fund that my father intended it to have.

Under our new legislation, the money which we invest into the Trust Fund through payroll taxes cannot be used for the payment of government expenses which have nothing to do with Social Security or Medicare.

And it would prevent money in the Trust Fund from being "disinvested" to pay for government expenses which are unrelated to Social Security.

In other words--our Social Security benefits will be safe from future raids.

This will force Congress and the Administration to deal with the federal deficit by reducing wasteful spending in government programs which directly contribute to the deficit and not by robbing Social Security.

And that's why giant corporations and other powerful special interests who make large profits from government programs which contribute to the federal deficit are gearing up to defeat our Trust Fund Safeguard Act.

Foreign governments who receive billions in U.S. aid and other powerful special interests have armies of lobbyists in Washington.

The lobbyists will be working overtime to defeat our Social Security Trust Fund Safeguard Act because they would rather have Congress deal with the federal deficit by robbing Social Security and Medicare than by cutting off the programs which benefit their special interest clients.

Your generous past support of your National Committee has enabled us to begin our own lobbying effort on behalf of the Social Security Trust Fund Safeguard Act. But our funds are limited, and your continued support is vital.

That's why the checks I've enclosed for $10 and $15 are so vital. Our friend's gift and his challenge could not have come at a more critical time.

Remember, without your continued support, the

(next page please)

enclosed checks are worthless.

But when you match at least one of these checks, the value of your contribution can be doubled. And if you can match both checks with your own contribution of $25, the value of your gift will be doubled to $50.

Let me assure you that your investment in our work really pays.

Last year your National Committee lobbied against proposed cutbacks in your 1986 Social Security Cost of Living Adjustments (COLA). I personally delivered over 6 tons of signed Petitions from your fellow Members and supporters. And thousands more sent letters and mailgrams to their Congressman and Senators.

As a result, we defeated efforts to cut COLA.

But without your past support, this increased lobbying effort could not have been possible. And failure would have cost you Social Security benefits of about $1,560.00 over the next five years.

Our lobbying effort to pass the Social Security Trust Fund Safeguard Act is even more important.

Mrs Hoover, because unless we succeed, all of our future benefits may be threatened by repeated raids on the Trust Fund.

So please return the checks I've enclosed with your own contribution of $10, or $15.

And if you possibly can, match both checks with your own contribution of $25.

Remember, whatever the amount you invest, the value of your investment will be doubled.

Please don't let this opportunity slip away. These funds are urgently needed but without your

(next page please)

Page 5 of letter to Mrs Hoover

continued support, the two checks I've enclosed will be worthless.

Our lobbying campaign to pass our Social Security Trust Fund Safeguard Act is now operating on limited funds. And the special interest lobbying pressure against us is fierce.

Please help me end the threat of repeated raids on the Trust Fund once and for all.

Return the checks I've enclosed with your own contribution of $10, $15, or better yet $25 today in the enclosed first-class, postage-free envelope.

Be sure you return one or both of your "matching checks" with your own contribution. And remember, the value of every dollar you contribute will be doubled.

Mrs Hoover, you've invested your hard earned dollars into Social Security throughout your long working years. Don't allow a few misguided bureaucrats to jeopardize your investment.

Help me stop future raids on the Social Security Trust Fund by returning the "matching checks" I've enclosed with your own contribution of $10, $15, or best of all, $25 today.

Most sincerely,

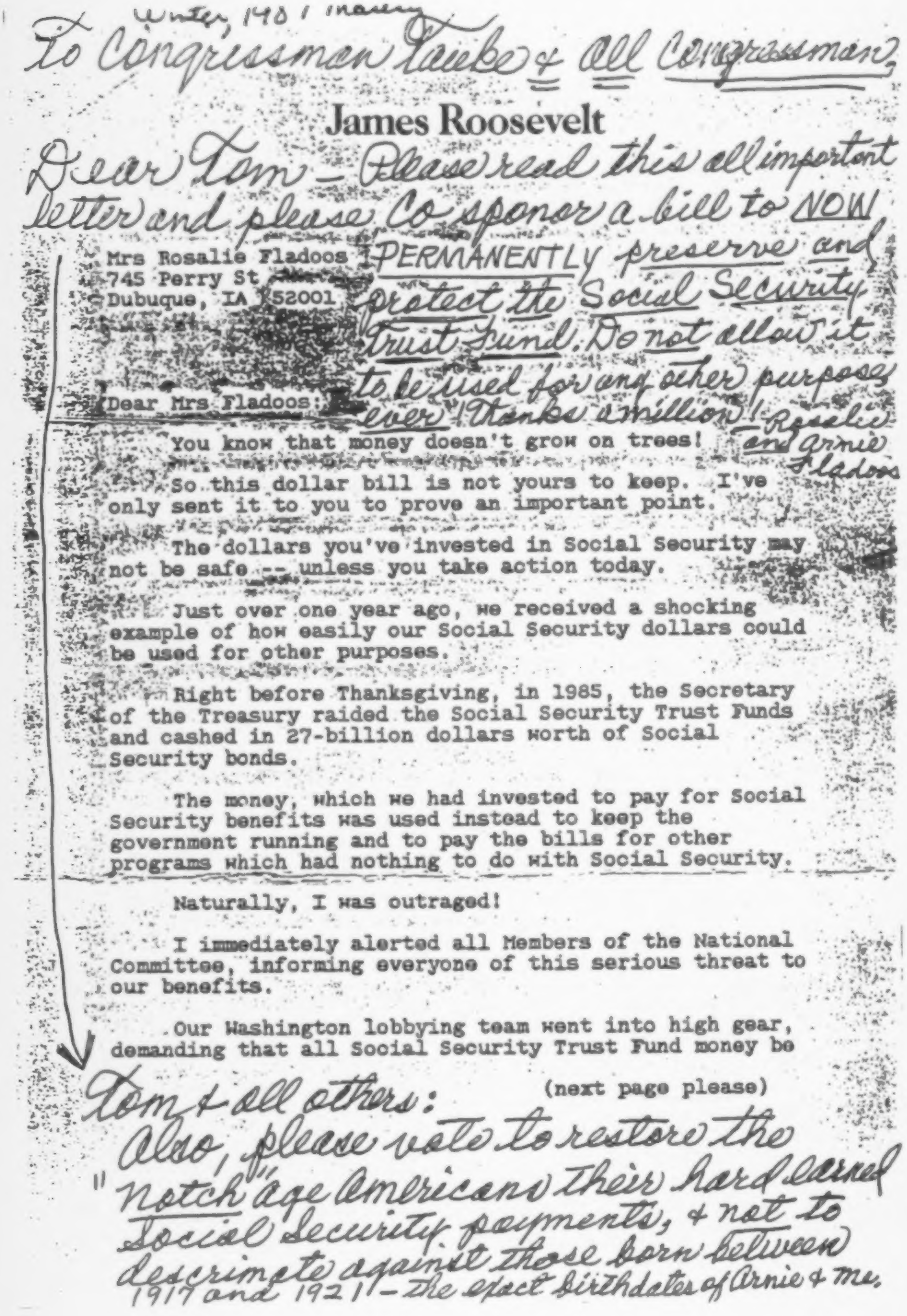
James Roosevelt

James Roosevelt, Chairman
National Committee to Preserve
Social Security and Medicare

P.S. Mrs Hoover, it is urgent that if you cannot match either or both of the enclosed checks that you at least return the checks enclosed so I can send them to someone else. But please return the checks I've enclosed with your own contribution of $10, $15, or $25 today.

Thank you,
Jim

Prepared and mailed by and exclusively for the National Committee to Preserve Social Security, a nonprofit tax exempt organization 1300 19th St N.W. Washington DC 20036
The National Committee is independent of any government agency and all political parties



Winter, 1987 mailing

To Congressman Tauke & All Congressman,

James Roosevelt

Dear Tom - Please read this all important letter and please Co sponsor a bill to NOW PERMANENTLY preserve and protect the Social Security Trust Fund. Do not allow it to be used for any other purpose ever! Thanks a million! Rosalie and Arnie Fladoos

Mrs Rosalie Fladoos
745 Perry St
Dubuque, IA 52001

Dear Mrs Fladoos:

You know that money doesn't grow on trees!

So this dollar bill is not yours to keep. I've only sent it to you to prove an important point.

The dollars you've invested in Social Security may not be safe -- unless you take action today.

Just over one year ago, we received a shocking example of how easily our Social Security dollars could be used for other purposes.

Right before Thanksgiving, in 1985, the Secretary of the Treasury raided the Social Security Trust Funds and cashed in 27-billion dollars worth of Social Security bonds.

The money, which we had invested to pay for Social Security benefits was used instead to keep the government running and to pay the bills for other programs which had nothing to do with Social Security.

Naturally, I was outraged!

I immediately alerted all Members of the National Committee, informing everyone of this serious threat to our benefits.

Our Washington lobbying team went into high gear, demanding that all Social Security Trust Fund money be

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Tom & all others:

Also, please vote to restore the "Notch" age Americans their hard earned Social Security payments, & not to descrimate against those born between 1917 and 1921 - the exact birthdates of Arnie & me.

returned to the fund.

Your fellow National Committee Members backed us up all the way, flooding Congressional offices with letters and phone calls demanding the return of Trust Fund money.

And we won! All of the money that was removed from the fund plus interest was replaced.

But we could not afford to rest on our accomplishments.

Important Immediately, we began pressing for a permanent ban on Trust Fund raids, so that our Social Security benefits can never be threatened again. this must be guaranteed

Imp Working closely with the staffs of Senator Robert Kasten and Congressman William Clinger, your National Committee helped write the Social Security and Medicare Trust Funds Safeguard Act, and helped get 84 co-sponsors. Imp

We then began an all out lobbying effort for this bill and other legislation which would prevent future raids on the Trust Funds.

National Committee Members sent hundreds of thousands of letters, petitions, and post cards to Congress in support of our lobbying effort.

Our National Committee lobbyists met individually with Congressmen and Senators, urging their support for legislation to protect the Trust Funds.

Last September, I believed that victory was within our grasp.

The House and Senate formed a Conference Committee to discuss the final version of legislation to protect

please continue....

the Trust Fund.

We sent a Legislative Alert to all Members of the National Committee who were represented by Congressmen on the Conference Committee.

Our Legislative Alert asked Members to write or call their Congressman and demand the passage of this vitally important legislation to protect the Trust Funds.

You should be proud of yourself and the numerous National Committee Members who wrote letters and rang phones off the hook.

But the Members of the Conference Committee still could not reach an agreement on what was then called the Trust Funds Management Act by the end of the 1986 Session of Congress -- and the bill died.

Congress has begun its 1987 session. And we must begin work now to guarantee passage of Trust Fund protection in legislation this year. Please, Do this

We came very close to winning last year. If we start right now and work all year long, I am confident that our Social Security Trust Funds will be safe before the end of the year.

It is extremely important to win this battle NOW.

If we lose, government officials will retain the right to use our Trust Fund money whenever they want to.

Without legislation to stop future raids on the Funds, your Social Security dollars, like the dollar bill I have just sent you, might as well be printed in invisible ink!

But, our hard work last year has already focused

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the attention of many powerful Congressmen and Senators on this problem.

Now we must move our Capitol Hill lobbying effort into high gear and make the passage of Trust Fund protection legislation the top priority of this new Congress.

We have already tripled the size of our lobbying staff since last year.

Our lobbying team is led by Mr. Peter Hughes, who served as Legislative Counsel for the American Association of Retired Persons (AARP) for the past 17 years.

Backing up Mr. Hughes and his team of experienced National Committee lobbyists will be another flood of letters, Petitions and post cards from our Members.

But these huge lobbying campaigns cost money.

Two years ago, your National Committee spent $781,883 on a lobbying effort which successfully blocked an Administration attempt to eliminate the Social Security cost-of-living adjustment (COLA) in 1986.

And the threat to our benefits that would result from future raids on the Social Security Trust Fund still exists.

Your investment of $30 in our Trust Funds Safeguard campaign is needed to help keep Social Security out of the annual budget battle and to preserve and enhance your Social Security and Medicare benefits.

But whatever amount you send, please return the dollar bill I've sent you.

It will take every dollar we can raise to stop

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free-spending government officials from dipping into our Social Security Trust Funds after they have emptied the government treasury.

I hope I've convinced you to at least return the dollar bill to me.

Mrs Fladoos, I know that you've already done so much to help in our ongoing fight to preserve the Social Security and Medicare system, that I trust you won't let me down now.

We do have many good friends in Congress who will, I know, join us in this fight. And that also is symbolized by the dollar bill I sent you. On its back, the American Eagle carries a banner which reads "E Pluribus Unum".

That means: United We Stand.

If we seniors, and our friends in Congress stand united, we can be successful.

And if we act now, all of the billions-of-dollars we have invested in the Social Security Trust Fund, during our long working years, will remain safe and available to pay the benefits we depend upon.

Please do your part by returning your investment of $25, $15, or even $30 today, in the First Class postage-free envelope which I've enclosed. Thank you!

Sincerely,

James Roosevelt

James Roosevelt, Chairman
National Committee to Preserve
Social Security and Medicare

P.S. Mrs Fladoos, I'm trusting you to at least return the dollar bill I sent you. But please support our fight to safeguard the Social Security Trust Funds, by returning your dollar bill with your contribution of $25, $15 or $30 today, in the enclosed postage-free envelope.

JAMES ROOSEVELT
United States Congressman (Retired)

My father started Social Security. Now, we must act to Save Social Security and Medicare!

Dear Concerned American:

Will you spend 45 seconds, right now, to save Social Security and Medicare?

If your answer is "Yes," then sign and return the enclosed official certified petition to the Congress of the United States right now!

Never in the 45 years since my father, Franklin Delano Roosevelt, started the Social Security system has there been such a severe threat to Social Security and Medicare benefits.

Just consider these facts:

- ✓ Ronald Reagan's recently enacted "Social Security" bailout is just a stop-gap measure. It won't permanently solve the threat to the continued payment of our Social Security and Medicare benefits. For this assurance, we need a permanent non-political solution.
- ✓ The Medicare Fund faces even more severe funding problems than Social Security. Without citizen action we could lose many of Medicare's benefits.
- ✓ Recently three United States Senators and the Budget Director recommended cutting Social Security, including the cost-of-living increases which benefit 35 million Americans.
- ✓ In 1982 Congress cut $17 billion from Medicare.
- ✓ Just recently, the National Commission on Social Security suggested taxing Social Security as ordinary income!
- ✓ Another proposal would increase the minimum age for receiving Social Security to 68.
- ✓ Three government reports now say unless we act NOW, Medicare benefits will

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Prepared and mailed by and exclusively for the National Committee to Preserve Social Security, a nonprofit tax-exempt organization. 1910 S Street N.W. Washington, D.C. 20009

have to be cut severely or the Medicare fund will go bankrupt!

Last year a proposal was made to wipe out even minimum Social Security benefits for 3,000,000 (3 million) retirees.

Still another proposal would have cut 40% from early retirement benefits.

The Medicare Fund has borrowed $12,400,000,000.00 ($12.4 Billion dollars!) from the Social Security Fund. Medicare is in so much trouble it has been unable to even pay the interest on this loan! This debt endangers both Social Security and Medicare!

In addition, Medicare now faces continuing deficits, which further threaten both these vital programs.

We, as a nation, have a solemn commitment to the tens of millions of our people who have paid into Social Security and Medicare over their long working years. These Americans are counting upon Social Security and Medicare, and they must have it, or face a crippling financial hardship.

Deep cuts will mean a dreary existence for present and future Social Security and Medicare recipients, and will create a terrible hardship on their children and grandchildren—those who will somehow have to support retired family members.

Must it be so? Must we break our solemn commitments to the men and women who worked so hard, and paid their fair share into Social Security and Medicare?

No, it need not happen, not if you will join with me and millions of Americans to stop it—right now.

The politicians say we can't afford Social Security and Medicare. But, they say we can afford ever increasing welfare payments.

They don't say we can't afford millions upon millions of new South American and Asian and Haitian immigrants.

They don't say their rich corporate buddies have to give up their tax loopholes.

They don't say we should stop the illegal aliens who cost billions each year.

And they don't say we can't afford the politicians' limousines and foreign junkets and billion dollar pet projects.

No. They say we can't afford Social Security and Medicare.

They are saying, in effect, "Let the retired widow go without a decent meal or

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enough heat or health care. Let her live in an unsafe neighborhood, and wear shabby clothes. But please, not one less gallon of gasoline for my limousine!"

Well, we've got to show them! We must take action, by mounting a mass petition drive and forming a huge organization, to Save Social Security and Medicare.

It is my goal to deliver 1,000,000 petitions to the Congress of the United States this year alone. These Petitions demand the preservation of Social Security and Medicare, and keeping the solemn commitment they represent, for our people.

I served as Secretary to the President in the White House when my father held that office.

And I served for 11 years as a Member of the United States Congress.

So I know, better than anyone, how powerful is our "right to petition the government for a redress of our grievances."

So, please, right now, sign and mail me your petition. It has never been so necessary, so urgent, that you take action.

At the same time, please seriously consider joining your National Committee to Preserve Social Security and Medicare.

The National Committee is a non-profit, tax-exempt organization, comprised solely of concerned Americans such as yourself, who have invested a small amount to help block the rich and powerful forces who would destroy Social Security and Medicare.

The National Committee to Preserve Social Security and Medicare is non-partisan and non-governmental. We have no corporate members, no special interest group support, and no source of income other than the voluntary dues of ordinary Americans who want our nation to keep its commitment to the Social Security and Medicare programs.

As a Member, your annual dues are only $10. And for this you will receive a gold embossed personal plastic membership card, a regular newsletter which includes how your Senators and Congressmen stand on Social Security and Medicare, and other vital information on how you can help your cause.

In addition, as a Member, you will be enrolled in our Legislative Alert Service.

The Legislative Alert Service will immediately advise you, by telegram or letter,

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of fast breaking developments in Washington with respect to the Save Social Security and Medicare programs.

Your Legislative Alert will also tell you how you can best act to help—such as by calling your Congressman's local office or sending one of your Senators an immediate letter.

And, most importantly, you will be helping to make it possible to continue our work here in The Capitol to protect, defend and improve the Social Security and Medicare Programs.

So, please act today. Mail your Officially Certified Petition to the Congress of the United States today. Hopefully, you will also join your National Committee to Preserve Social Security and Medicare at the same time—but in any case, please act today. I have enclosed a first-class, postage paid envelope for your use.

Urgently awaiting your reply, I am,

Most sincerely yours,

James Roosevelt

James Roosevelt
United States Congressman (Retired)
Chairman, National Committee to
Preserve Social Security and Medicare

P.S. Thousands of ordinary Americans, like yourself, have invested an average of $10 to send petitions, such as the one enclosed, to concerned people all across our country. Naturally, they hope you will also join them as Members of the National Committee to Preserve Social Security and Medicare, but even if you cannot afford to join please do, at least, sign and return your petition.

If you fail to at least return your Petition, the investment of so many Americans will go to waste. At the same time, I will be very disappointed if you don't join, because we must continue collecting petitions and funding our work with the Congress, so join your fellow Americans, as a Member, if you possibly can.

Franklin Delano Roosevelt Memorial
Social Security and Medicare Building

A SPECIAL PROJECT OF THE NATIONAL COMMITTEE TO PRESERVE SOCIAL SECURITY AND MEDICARE

James Roosevelt
1300 19th Street NW
Washington, DC, 20036

Dear Member of the National Committee:

The dollar bill I have enclosed is not yours to keep. It is an investment in the future of the Social Security and Medicare system inspired by my father 51 years ago.

I know you want Social Security and Medicare to last another 51 years...and beyond. That's why I'm counting on you to return your dollar bill in the postage-free envelope, so that I can begin work on a permanent National Headquarters Building in Washington, D.C.

It will be called the Franklin Delano Roosevelt Memorial Social Security and Medicare Building.

The FDR Memorial Building will serve as the new National Headquarters for your National Committee to Preserve Social Security and Medicare.

And it will also stand as a monument to the man who founded Social Security and inspired the creation of Medicare, my father, President Franklin Delano Roosevelt.

But even more importantly, the establishment of a permanent National Headquarters Building in Washington, D.C. will vastly improve our ability to protect your Social Security and Medicare benefits.

Let me tell you why.

Your National Committee to Preserve Social Security and Medicare was established in late 1982.

And in just over three short years our Membership has grown to more than three million.

During that time we have become the fastest growing senior citizens organization in America--we are now the 15th largest nonprofit organization of any kind in the nation.

Your National Committee is even larger than the American

(James, please turn page)

Legion or the Girl Scouts of America! I'm not telling you this to brag, but to make a point.

Three million of your fellow citizens have joined with you as Members of The National Committee because, like you, they recognize the need to defend the Social Security and Medicare benefits we've paid for and earned.

And, working together, we've been successful in defeating many attempts to severely cut your benefits.

In 1985, we flooded the Congress with Petitions and Post Cards protesting proposed cuts in our Social Security Cost of Living Adjustments (COLAs).

Both times our COLAs were saved and the average retired worker was spared a benefit cut of $1,200.00 as a result.

This year your letters and Post Cards helped convince Congress to bury an Administration proposal to cut Medicare by 53 billion dollars.

But the threats to our benefits have not ended, and there are many battles left to fight.

Your National Committee has been working hard to support legislation to prevent government officials from raiding the Social Security Trust Funds, as they did last year when the government till ran low.

We are fighting to increase federal regulation on nursing homes to stop widely reported incidents of abuse.

We are campaigning to reform the Medicare system so that Medicare patients will no longer be thrown out of hospitals while still seriously ill.

And we must always be ready to take swift action whenever proposals are made which threaten our benefits.

Because we have grown so rapidly and have undertaken so many important new projects, we are trippling the size of our National Office in Washington, D.C.

Our Government Relations Department is expanding so that staff members of the National Committee can meet more frequently with Senators and Representatives to argue against cutbacks in your benefits.

Our Publications Department staff is increasing in order to improve the quality of our newspaper "Saving Social Security."

We are adding to our Press Relations Department so that television stations, radio stations and newspapers will present

(please see next page)

our side of the debate over Social Security and Medicare benefits.

Our Department of Members' Benefits is growing to meet our Members demands for low-cost, group-rate insurance programs, our discount Pharmacy-by-Mail, and other valuable services.

As we continue to grow, our National Office will be bursting at the seams and we will have to rent even larger quarters...unless we act now.

The FDR Memorial Social Security and Medicare Building will give our organization a permanent home--one which is large enough to meet the needs of our growing Membership.

And it will remind Members of Congress that millions of Americans are making a permanent commitment to defend the Social Security and Medicare system.

I must confess to you that I have another more personal reason for wishing to establish the FDR Memorial Social Security and Medicare Building.

There is no National Monument or Memorial of any kind to President Roosevelt in Washington and Congress has been debating for more than 30 years about whether or not to build one.

Well, I am 78 years old. And it is my dream to see my father's accomplishments honored while I am still alive.

And what better way to memorialize President Roosevelt, than with a building dedicated to preserving his proudest achievement as President--our Social Security system.

By sending you this dollar bill, I took a gamble in the hope that you share my dream and are willing to work with me in order to achieve it.

Your National Committee to Preserve Social Security and Medicare is a nonprofit, tax-exempt organization which is completely independent from the federal government.

We will not receive one dollar of government money to help finance the FDR Memorial Social Security and Medicare Building.

We must continue to rely on the voluntary contributions and dues of our local Members to make this dream a reality.

Your past support has enabled your National Committee to become an effective advocate in Washington, fighting to protect your benefits.

Your special contribution to the FDR Memorial Social

(James, please turn page)

Security and Medicare Building Fund will make your National Committee even stronger and help us protect your benefits throughout your lifetime and preserve the system for future generations.

And your support will be recognized by the placement of your name on the Roll of Honor to be kept on permanent display in the rotunda of the FDR Memorial Building.

An investment of $10 will designate you as a Supporter.

An investment of $15 will designate you as a Contributor.

An investment of $25 will designate you as a Sponsor.

An investment of $50 will designate you as a Patron.

And an investment of $100 will list your name on a special marble plaque reserved for Grand Patrons of the FDR Memorial Building.

We must raise 2.8 million dollars as soon as possible for a down payment on our building. So every dollar counts. Please return our dollar bill, together with your largest possible investment, today.

Your investment of $10, $15, $25, $50 or even $100 to the FDR Memorial Social Security and Medicare Building Fund will make your National Committee even more effective in our fight to protect your benefits.

And your name will live for generations on our Roll of Honor, one who cared enough to carry on the important work of a great American president, Franklin Delano Roosevelt.

Even if you cannot make an investment now, please return our dollar bill so that we may use it in our continuing fight to protect your benefits with thousands of dollars.

Thank you for your kindness, your consideration and your continuing support. A pre-stamped, 1st Class Reply envelope is enclosed for your use.

Most sincerely,

James Roosevelt.

James Roosevelt, Chairman
National Committee to Preserve
Social Security and Medicare

P.S. In the unlikely event that your fellow National Committee Members do not join with you in support of this important project and we are unable to go forward with plans for the FDR Memorial Building, every penny of your gift to the Building Fund will be returned to you.

Prepared and mailed by and exclusively for the National Committee to Preserve Social Security, a nonprofit, tax exempt organization, 1300 19th St. N.W., Washington, DC 20036
The National Committee is independent of Congress, every government agency, and all political parties.

CHAIRMAN
N.C.P.S.S.M.
1300 19TH STREET, N.W.
WASHINGTON, DC 20036

Urgent-Action-Gram

TO: MR JOSEPH PRZYBYLO
1300 19TH STREET NW
WASHINGTON, DC 20036

WASHINGTON 919 CAPITOL
TIME: 8:30 AM EST
DATE: 8 NOV 1985

YOUR IMMEDIATE ACTION NEEDED TO STOP "MIDNIGHT RAID" ON SOCIAL SECURITY TRUST FUND.

TREASURY SECRETARY, JAMES A. BAKER III, TOOK 27 BILLION DOLLARS OUT OF SOCIAL SECURITY TRUST FUND IN SEPTEMBER, OCTOBER AND NOVEMBER.

MR PRZYBYLO, AS I WRITE YOU THIS URGENT MESSAGE, ONLY 8 BILLION IS LEFT, ENOUGH TO PAY ONLY HALF THE SOCIAL SECURITY BENEFITS FOR DECEMBER.

AND THAT 8 BILLION MAY HAVE ALREADY BEEN SPENT BY TIME YOU RECEIVE THIS LETTER!

SOCIAL SECURITY TRUST FUND MONEY WAS SPENT BY BAKER TO PAY FOR FOREIGN AID, WELFARE PAYMENTS, LAVISH DEFENSE CONTRACTS AND OTHER PROGRAMS WHICH HAVE NOTHING TO DO WITH SOCIAL SECURITY.

BAKER'S ACTION IS AN UNPRECEDENTED VIOLATION OF A NATIONAL TRUST. THREAT TO SOCIAL SECURITY NEVER SO GREAT. IMMEDIATE ACTION REQUIRED.

CONGRESSIONAL BUDGET OFFICE ESTIMATES BAKER'S "MIDNIGHT RAID" WILL RESULT IN PERMANENT LOSS TO TRUST FUND OF UP TO 2 BILLION DOLLARS IN LOST INTEREST ON INVESTED FUNDS.

AND UNLESS THESE RAIDS ARE STOPPED IN TIME SOCIAL SECURITY SYSTEM COULD COLLAPSE.

YOUR CONTINUED SUPPORT VITAL. THE NATIONAL COMMITTEE TO PRESERVE SOCIAL SECURITY AND MEDICARE MUST RAISE $250,000 IMMEDIATELY TO:

1. SUPPORT LEGISLATIVE AND LEGAL ACTION TO RESTORE ALL MONEY TAKEN FROM SOCIAL SECURITY TRUST FUND MONIES.
2. FORCE GOVERNMENT TO REPAY ALL LOST INTEREST TO TRUST FUND.
3. OUTLAW ANY FUTURE RAIDS ON SOCIAL SECURITY TRUST FUND.

I NEED YOUR EMERGENCY CONTRIBUTION OF $10 OR $15 RIGHT NOW.

LAWYERS MUST BE HIRED AND LAWSUITS PREPARED. OUR CAPITOL HILL LOBBYING EFFORT MUST BE PUT IN HIGH GEAR.

ALL OF THIS WILL COST MONEY. BUT MUST BE DONE TO PROTECT THE

UNLESS WE STOP THIS ATTACK NOW, THE GOVERNMENT WILL CONTINUE TO DO WHATEVER IT WANTS WITH OUR MONEY.

PLEASE RUSH YOUR EMERGENCY CONTRIBUTION OF $15 OR AT LEAST $10 AS OF TODAY.

USE ENCLOSED POSTAGE FREE ENVELOPE TO RETURN YOUR URGENT ACTION-GRAM REPLY AND YOUR EMERGENCY CHECK IMMEDIATELY.

James Roosevelt.

JAMES ROOSEVELT
CHAIRMAN
NATIONAL COMMITTEE TO
PRESERVE SOCIAL SECURITY
AND MEDICARE

P.S. MR PRZYBYLO, TREASURY SECRETARY JAMES A. BAKER III, HAS RAIDED SOCIAL SECURITY TRUST FUND AND SPENT 77% OF ALL SOCIAL SECURITY ASSETS. RETURN URGENT ACTION FORM BELOW IN ENCLOSED ENVELOPE WITH EMERGENCY CONTRIBUTION OF $10, $15 OR MORE TODAY TO HELP RESTORE THE TRUST FUND AND PROTECT THE BENEFITS WE'VE EARNED.

Detach Here. And return today in enclosed postage free envelope.

Urgent-Action-Gram-Reply

TO:
JAMES ROOSEVELT
NCPSSM
1300 19TH STREET, N.W.
WASHINGTON, DC 20036

FROM:
MR JOSEPH PRZYBYLO
1300 19TH STREET NW
WASHINGTON, DC 20036

20036PRZY300J MH092

MR. ROOSEVELT:

YES, WE MUST RESTORE ALL MONEY TAKEN FROM THE SOCIAL SECURITY TRUST FUND BY TREASURY SECRETARY JAMES BAKER'S "MIDNIGHT RAID" AND STOP ALL FUTURE RAIDS ON THE TRUST FUND. TO PROTECT OUR BENEFITS AND SUPPORT OUR LOBBYING AND LEGAL ACTION, I'M ENCLOSING MY EMERGENCY CONTRIBUTION OF:

___$10 ___$15 ___OTHER

MR PRZYBYLO, PLEASE MAKE YOUR CHECK PAYABLE TO NCPSSM (NATIONAL COMMITTEE TO PRESERVE SOCIAL SECURITY AND MEDICARE).

Prepared and mailed by and exclusively for the National Committee to Preserve Social Security, a nonprofit, tax exempt organization. 1300 19th St. N.W. Washington, DC 20036

APPENDIX C

SUBMISSIONS FOR THE RECORD

ANDY JACOBS JR INDIANA CHAIRMAN
SUBCOMMITTEE ON SOCIAL SECURITY

RICHARD A. GEPHARDT MISSOURI
SAM M. GIBBONS FLORIDA
SANDER M. LEVIN MICHIGAN
JIM MOODY WISCONSIN

BILL ARCHER TEXAS
PHILIP M. CRANE ILLINOIS
HAL DAUB NEBRASKA

Ex-Officio
DAN ROSTENKOWSKI ILLINOIS
JOHN J. DUNCAN TENNESSEE

COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515

SUBCOMMITTEE ON SOCIAL SECURITY

DAN ROSTENKOWSKI ILLINOIS CHAIRMAN
COMMITTEE ON WAYS AND MEANS

JOSEPH K. DOWLEY CHIEF COUNSEL
A.L. SINGLETON MINORITY CHIEF OF STAFF

PATRICIA E. DILLEY SUBCOMMITTEE STAFF DIRECTOR

February 20, 1987

John R. Bolton
Assistant Attorney General
Office of Legislative Affairs
Room 1603
Department of Justice
10th and Constitution Ave. N.W.
Washington, D.C. 20530

Dear Mr. Bolton:

On March 10, 1987, the Subcommittee on Social Security of the Committee on Ways and Means will conduct a hearing on misleading and deceptive fund raising mail to social security beneficiaries. Among the issues the Subcomitteee intends to consider is the use of the Great Seal of the United States in such mail.

The Subcommittee understands that the Department has had correspondence with the National Committee to Preserve Social Security and Medicare regarding its use of the Great Seal. And Subcommittee staff assistants have spoken with the Chief of the Division of Public Integrity on this subject. The Subcommittee would appreciate the Division's providing us with copies of its correspondence with the NCPSSM. It would also be helpful if the Department could provide us with any other readily available information or correspondence relating to public integrity complaints about other groups doing mailing solicitations to social security beneficiaries.

Because the hearing is scheduled for early March, we would appreciate a response as soon as possible. Thank you for your assistance.

Sincerely,

Andy Jacobs Jr.

AJ:wc

U.S. Department of Justice
Office of Legislative Affairs

FOR THE RECORD

Office of the Assistant Attorney General

Washington, D.C. 20530

1[illegible] MAR 1987,

Honorable Andy Jacobs, Jr.
Chairman
Subcommittee on Social Security
Committee on Ways and Means
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

We have received your letter of February 20, 1987, requesting our correspondence with the National Committee to Preserve Social Security and Medicare (NCPSSM) on the issue of possible misuse by the NCPSSM of a likeness of the great seal of the United States.

I am advised that this matter is now closed in the Department's Criminal Division. Accordingly, we are pleased to provide the Subcommittee on Social Security with copies of our letters to the NCPSSM concerning the prohibition in 18 U.S.C. §713 against misuse of a likeness of the great seal for unofficial purposes. Enclosed please find copies of the Department's letters to the NCPSSM of May 1, 1984, May 18, 1984, July 13, 1984, and February 2, 1987, regarding this issue.

The Public Integrity Section of the Criminal Division has not received complaints that any other group used a likeness of the great seal in solicitations to social security beneficiaries.

Sincerely,

for Thomas M. Boyd
John R. Bolton
Assistant Attorney General

Enclosures

U.S. Department of Justice

Criminal Division

Office of the Assistant Attorney General

Washington, D.C. 20530

2 FEB 1987

Honorable James Roosevelt
Chairman
National Committee to Preserve
Social Security and Medicare
1300 19th Street, N.W.
Suite 501
Washington, D.C. 20036

Dear Mr. Chairman:

This is to advise that the Department of Justice has recently received a complaint regarding a letter apparently sent over your signature as Chairman of the National Committee to Preserve Social Security and Medicare (the Committee). A copy of a portion of this letter was forwarded to us, and is enclosed herein.

The portion of the letter we received requests signatures on a petition to the President of the United States in support of Social Security and Medicare benefits. This letter appears to be similar to one we previously reviewed, in which you also requested petition signatures as well as contributions to the Committee. The letterhead of the stationery used for this recent communication reflects, next to your name and the words "United States Congressman (Retired)," an eagle emblem surrounded by olive branches.

In our view, the emblem used on this stationery appears to be a likeness of the great seal of the United States. Both this emblem and the great seal contain the following prominent and similar features: an eagle facing sideways with outstretched wings and a shield with stripes on its chest, holding a banner in its beak, and clutching an olive branch in one talon and arrows in the other. The fact that in your design the eagle is facing the opposite direction and has a slightly different wing design than the great seal eagle does not in our opinion render your emblem substantially dissimilar to the great seal. You will note that our conclusion in this regard appears to be consistent with that of the original recipient of your letter, who questions the legality of your use of this emblem "for advertising."

As we previously advised in our letters of May 1, 1984 and July 13, 1984, Section 713 of Title 18 of the United States Code makes it a federal crime to knowingly display a "likeness" of the great seal of the United States on stationery used for political solicitations in a manner reasonably calculated to convey a false impression of sponsorship or approval by the Government of the United States. The test, as we interpret this statute and the policy behind its enactment, is whether a particular emblem is sufficiently similar to the great seal so that a person viewing it could reasonably conclude the emblem is the official seal of the Federal Government.

We are aware that you have apparently attempted to comply with this statute by modifying the great seal eagle design. However, as we advised in our July 1984 letter, we believe that minor modifications to the great seal design do not necessarily result in an emblem falling outside the protection of 18 U.S.C. §713.

We trust that these views will be helpful in the event future solicitations by the Committee are contemplated.

Sincerely,

/s/ John C. Keeney

John C. Keeney
Acting Assistant Attorney General
Criminal Division
(Pursuant to 28 C.F.R. 0.132)

Enclosure

U.S. Department of Justice

Criminal Division

Assistant Attorney General

Washington, D.C. 20530

[illegible] 13

Mr. William Wewer
General Counsel
National Committee to
Preserve Social Security
1300 19th Street, N.W.
Suite 310
Washington, D.C. 20036

Dear Mr. Wewer:

This responds to your letter of June 13, 1984, regarding our recent correspondence advising former Congressman James Roosevelt and the National Committee to Preserve Social Security and Medicare of the prohibition in 18 U.S.C. §713 against misuse of likenesses of the great seal of the United States.

In your letter you forwarded samples of four eagle emblems for our consideration. Two of the designs were furnished to you by the Clerk of the United States House of Representatives. These emblems appear to be almost-exact replicas of the great seal, to which the phrase "U.S. House of Representatives," or "Member of Congress, United States of America" has been added.

The remaining two designs, which were created by an artist in your employ, are less similar to the great seal. Each reflects an eagle, surrounded by olive branches, facing the opposite direction of the great seal eagle and with a slightly different wing-spread. One design omits the great seal's 13 stars, and the other omits the banner stating "E pluribus unum." You ask whether use of these two designs on the Committee's fundraising stationery would be "satisfactory" to the Justice Department, in light of the language of 18 U.S.C. §713.

Unfortunately, we do not believe it would be appropriate for us to advise you as to whether these two designs are satisfactory. The responsibility of the Criminal Division is to enforce, through the exercise of sound prosecutorial judgment, the federal criminal laws.

The statute at issue, Section 713 of Title 18, United States Code, provides criminal misdemeanor penalties for the misleading use of a likeness of the great seal of the United States. In essence, it bars trading on the symbol of our Federal Government for nonofficial purposes. How close a similarity a design may bear to the great seal and yet not be considered a "likeness" is a factual matter, as is the question of whether such a design was used in a particular case for a misleading purpose. It would be difficult in the abstract, and in addition not within our normal prosecutorial function, to state that a particular matter did not violate a federal criminal law.

We can comment, however, that we view the statutory language as being clear in its prohibition. We can also advise that in our opinion merely adding or removing a name or phrase, or making minor modifications, to the great seal does not necessarily render the emblem a "non-likeness," exempt from the statute's reach.

Sincerely,

John C. Keeney
Acting Assistant Attorney General
Criminal Division
(Pursuant to 28 C.F.R. 0.132)

U.S. Department of Justice

Criminal Division

Assistant Attorney General

Washington, D.C. 20530

[illegible]

Mr. William Wewer
General Counsel
National Committee to Preserve
  Social Security and Medicare
1300 19th Street, N.W.
Suite 310
Washington, D.C.   20036

Dear Mr. Wewer:

This refers to your letter of May 8, 1984, and our recent telephone conversation regarding the use by former Congressman James Roosevelt and the National Committee to Preserve Social Security and Medicare of an emblem resembling the great seal of the United States on the Committee's fundraising stationery.

By letter of May 1, 1984, we advised Congressman Roosevelt, Chairman of this Committee, that such a display of a likeness of the great seal was prohibited by Section 713 of Title 18, United States Code.

In your letter you ask us to provide you with a copy of the great seal of the United States, and also a copy of the official seal of the United States House of Representatives. The great seal is reflected on the back of a one-dollar bill: an eagle with outstretched wings, arrows in one talon and olive branch in the other, banner reflecting "E Pluribus Unum" in its beak and cluster of stars overhead. The seal of the House of Representatives reflects the House side of the Capitol Building, surrounded by fifty stars. Enclosed for your information are photocopies of various seals, including the great seal and the old and new House seals, which we received from the Office of Architect of the Capitol. To obtain a clearer picture of the House seal, you may wish to contact the Clerk of the House of Representatives, Mr. Benjamin Guthrie, who has custody of the seal.

You state that Congressman Roosevelt and the Committee intend to modify the Committee's emblem to resemble the seal of the House of Representatives instead of the great seal of the United States. You ask for confirmation that use for fundraising purposes of a likeness of the House seal, by a former Member of Congress, is appropriate and not in violation of federal law.

With respect to the provisions of Section 713 of the federal criminal code, we can advise that such provisions do not restrict the use for fundraising purposes of a likeness of the seal of the United States House of Representatives.

However, the question whether a former Congressman may or may not be barred by rules or regulations of the House of Representatives from using a likeness of the House seal for fundraising purposes is a matter solely within the jurisdiction of the House of Representatives. Accordingly, it would not be appropriate for us to comment on this question. For your information, we note that the Assistant Counsel to the Clerk of the House has advised us that Members are prohibited from using a likeness of the House seal on their official stationery. You may wish to contact the Clerk's Office for further information regarding this question.

Sincerely,

John C. Keeney
Acting Assistant Attorney General
Criminal Division
(Pursuant to 28 C.F.R. 0.132)

Enclosures

U.S. Department of Justice

Criminal Division

Assistant Attorney General

Washington, D.C. 20530

MAY 1, 1984

Honorable James Roosevelt
Chairman
National Committee to Preserve
Social Security and Medicare
1910 S Street, N.W.
Washington, D.C. 20009

Dear Mr. Chairman:

This is to advise that we have recently received several complaints regarding a fundraising letter mailed over your signature as Chairman of an organization called the National Committee to Preserve Social Security and Medicare. A copy of one such solicitation is enclosed herein.

The solicitation letter indicates it was paid for by the National Committee to Preserve Social Security and Medicare. In the letter you request funds to further this Committee's goals. In the upper portion of the solicitation letterhead is reflected what appears to be a likeness of the great seal of the United States.

In this connection, we wish to refer you to Section 713 of Title 18 of the United States Code, which prohibits the knowing display of any likeness or facsimile of the great seal of the United States on, among other things, stationery in a manner reasonably calculated to convey a false impression of sponsorship or approval by the United States Government.

In view of the fact that the instant correspondence relates to political matters and not to the official business of the Government of the United States, we believe that such utilization of a likeness of the great seal is proscribed by Section 713.

We trust that this information will prove useful to the Committee in any future solicitations contemplated.

Sincerely,

John C. Keeney
Acting Assistant Attorney General
Criminal Division
(Pursuant to 28 C.F.R. 0.132)

Enclosure

SHERWOOD BOEHLERT
25TH DISTRICT, NEW YORK

COMMITTEES:
SCIENCE AND TECHNOLOGY
PUBLIC WORKS AND TRANSPORTATION
SELECT COMMITTEE ON AGING

NORTHEAST-MIDWEST CONGRESSIONAL
COALITION
U.S. DELEGATION INTERPARLIAMENTARY UNION

Congress of the United States
House of Representatives
Washington, D.C. 20515

WASHINGTON OFFICE:
1 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
(202) 225-3665

CENTRAL OFFICE:
ALEXANDER PIRNIE FEDERAL BUILDING
10 BROAD STREET
UTICA, NEW YORK 13501
(315) 793-8146

TOLL FREE: 1-800-235-2525

FEB 04 1987

February 2, 1987

Honorable Andrew Jacobs, Jr.
Chairman, Subcommittee on Social Security
1101 Longworth HOB
Washington, DC 20515

Dear Mr. Chairman:

With the advent of a new Congress, the National Committee to Preserve Social Security and Medicare and similar organizations are once again barraging our constituencies with more rhetoric warning of the imminent demise of Social Security. The mailing is (of course) accompanied by an urgent plea for donations to defeat the "rich and powerful forces who would destroy Social Security and Medicare."

Although many of us have been assured by these groups of their intention to enhance their credibility, there are still lingering doubts regarding their actual integrity. Due to those doubts, the Select Committee on Aging has scheduled a hearing for February 4, 1987, concerning not only the NCPSSM, but all direct mail solicitations to the elderly. We hope that this open forum will be informative to the public, allowing them to make an educated decision before donating to organizations which employ verbal trickery to solicit funding.

When reviewing these solicitations for their validity and/or legality, we should consider the audience at which this material is being directed. Many older Americans live with a constant fear of losing the few benefits they now enjoy. Organizations that play on that fear to solicit funding deserve no place in our society. The tactics of the National Committee, in particular, have recently been called into question by both Social Security Administration Chief Dorcas Hardy (who will be testifying at the Select Committee hearings) and the CBS Evening News, which accused the NCPSSM of designating our elderly as "targets in a fear and fund-raising campaign."

With their latest mailing, the National Committee should add even more loot to their coffers, which are expected to reach $40 million this year. 80% of that amount will not be used to lobby for Senior Citizens but to generate more solicitations for money! We understand that the Subcommittee has tentatively scheduled hearings investigating the operations of the NCPSSM and like organizations. We applaud this decision and encourage its swift enactment. A strong response to any improprieties on their part will discourage others who might cloak their profit-motivated interests with societal rhetoric.

We appreciate your concern in this area and look forward to working with you this Congress to enact policies and programs which are responsive to the needs of our Seniors.

cc: Hon. Bill Archer

Sherwood Boehlert, M.C.

Tom Ridge

Tom Ridge, M.C.

Helen Delich Bentley, M.C.

Dan Coats

Dan Coats, M.C.

Tom Lewis

Tom Lewis, M.C.

Marcy Kaptur

Marcy Kaptur, M.C.

Jim Bunning

Jim Bunning, M.C.

Stewart B. McKinney, M.C.

Howard Coble

Howard Coble, M.C.

Patrick L. Swindall, M.C.

Bob Dornan

Robert K. Dornan, M.C.

Michael G. Oxley, M.C.

Hal Daub

Hal Daub, M.C.

Robert C. Smith (N.H.)

Robert C. Smith, M.C.

Cass Ballenger

Cass Ballenger, M.C.

Rod Chandler, M.C.

G. C. Wortley

George Wortley, M.C.

Walter B. Jones

Walter B. Jones, M.C.

Bob McEwen

Bob McEwen, M.C.

Peter J. Visclosky

Peter J. Visclosky, M.C.

David O'B Martin

David O'B. Martin, M.C.

Jim Olin

Jim Olin, M.C.

Jerry Huckaby
Jerry Huckaby, M.C.

Newt Gingrich
Newt Gingrich, M.C.

Ron Marlenee
Ron Marlenee, M.C.

Dan Daniel
Dan Daniel, M.C.

Doug Applegate
Douglas Applegate, M.C.

Bill Goodling
William F. Goodling, M.C.

Robert H Michel
Robert H. Michel, M.C.

Jim Kolbe
Jim Kolbe, M.C.

Sonny Montgomery
G.V. Sonny Montgomery, M.C.

Charlie Stenholm
Charles W. Stenholm, M.C.

Clay S Jr.
E. Clay Shaw, Jr., M.C.

Earl Hutto
Earl Hutto, M.C.

Andy Ireland
Andy Ireland, M.C.

Don Young
Don Young, M.C.

Trent Lott
Trent Lott, M.C.

Larry Combest
Larry Combest, M.C.

Arlan Stangeland
Arlan Stangeland, M.C.

Joe Barton
Joe Barton, M.C.

Herbert H Bateman
Herbert Bateman, M.C.

Lynn Martin
Lynn Martin, M.C.

Nancy L Johnson
Nancy L. Johnson, M.C.

TESTIMONY OF WM. L. DICKINSON
BEFORE
WAYS & MEANS SUBCOMMITTEE ON SOCIAL SECURITY
March 10, 1987

Mr. Chairman:

I appreciate the opportunity to come before your subcommittee to address the problem of deceptive mailings to Social Security beneficiaries by private and unofficial organizations.

One organization in particular, James Roosevelt's National Committee to Preserve Social Security and Medicare, has gone to great lengths in their direct-mail solicitations to scare the elderly into contributing.

One woman from my district, upset by a mailing, believing that the National Committee was an official branch of the government, went so far as to bring her donation to the Dothan, Alabama Social Security office, because she thought that her monthly social security checks would be cut off if she did not do so. The National Committee seems to feed on the fears of the elderly who are most susceptible to its distortions of the truth. Mr. Roosevelt's organization has given the mistaken impression that Social Security and Medicare benefits are about to be snatched away at any moment if they do not send money.

Mr. Roosevelt's committee also boasts to its membership that they have been propelling a major lobbying effort in Congress, representing the needs of its members and the importance of a sound Social Security system. From my own experience, my staff has been contacted once, and I have never been contacted in the more than four years of the committee's existence. To me, that is far from even a feeble attempt to represent an interest before Congress.

The National Committee has a tendency to misinform its direct-mail targets, and to hold their reply cards to Congress for extremely long periods of time. I can remember a bundle of the Committee's postal reply cards reaching my office more than one year after they were mailed back to the Committee.

Their misinformation campaign about unfairness of the so-called "notch years" is terribly misleading, and does the elderly a great disservice. They oversimplified, and did not fully explain the complicated benefit formula of the Social Security system during the 1977 overhaul.

Mr. Chairman, I hope that you will look into the ethics of this organization, as it seems incredible to me that close to $40 million has been raised to promote an almost invisible presence on Capitol Hill.

STATEMENT OF HON. EARL HUTTO, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Chairman Jacobs, I believe the aims and actions of Mr. James Roosevelt's NCPSSM, as well as other organizations that claim to be working to protect the rights of the elderly, to be dubious at best. The messages sent by this organization to Social Security (SS) recipients are grossly misleading and often frightening. Many SS beneficiaries are elderly, and depend on these funds just to get by. To upset these citizens with false, misleading information regarding SS, and in the same letter to solicit money from them to further "protect" these payments, is to me greedy, unnecessary and unfair. Obviously, I am not alone in this opinion; many Congressmen, Senators, and Congressional committees have openly criticized the activities of these organizations. Though they have every right to urge older Americans to their views to Congress on SS and Medicare issues, I question their motives and method of doing so.

I thank the Chairman for his willingness to look into this matter and I wholeheartedly join my colleagues in the effort to investigate the solicitation of revenues of the NCPSSM and similar groups. I have been made aware, as I am sure most Members have, that the profits of the national committee are expected to reach $40 million this year, 80 percent of which will be utilized to generate more solicitations for money, not to lobby for senior citizens. It is obvious that our elderly are being preyed upon by groups of individuals whose claims of working to improve benefits for older Americans are false and I intend to seize every available opportunity to let my constitutents know of the unethical actions of Mr. Roosevelt and his committee.

Thank you again, Mr. Chairman, for your efforts.

STATEMENT OF HON. MARILYN LLOYD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TENNESSEE

Mr. Chairman, like other Members of Congress, I am receiving an increasing number of complaints about direct mail campaigns that are targeted at the elderly. I would like to share with the committee just a few of the complaints that I received over the past month.

A constituent in Chattanooga, Tennessee, says, "this is at least the 3rd copy of the enclosed material I have received from (a direct mail solicitation organization) concerning Social Security. I would like to know if you support this man's soliciting funds in this way? I was under the impression Social Security was being protected by our elected officials."

Another constituent in Hamilton County, Tennessee, said that the hearings of this subcommittee and the Select Committee on Aging are exceptionally well timed. This particular constituent is a CPA, and he says that he has seen many elderly people receive letters from companies and organizations that are misleading and, in fact, imply that the individual is covered by insurance and to send a check immediately or the insurance is cancelled. According to this constituent, many of these letters arrive in brown envelopes that resemble Social Security or IRS official correspondence and the envelope is emblazoned with all kinds of statutory numbers giving the recipient the impression (unless they read the very fine print) that it is an official Government letter.

And, from a constituent in Oak Ridge, Tennessee, I received the following comments: "I strongly resent the type of advertising sent by (a direct mail solicitation organization) in an appeal for funds. It is intended to play on the lack of knowledge of the elderly to obtain funds for the pockets of a very few. I am sure that we have elected Senators and Representatives which understand the needs of the elderly without (a direct mail solicitation organization)'s input.

"I too am in the sixties and understand the importance of Social Seurity income to the elderly. I have assisted many people who's main source of funds is the 'Social Security' check. Their most pressing need is better management of monies received. Too many are being 'ripped off' and they are afraid or don't know how to combat the situations."

This constituent went on to cite some examples of how elderly people are being ripped off, and then concluded by saying that, "before you give us elderly people more money, find some method of helping us to better manage the money we now receive and avoid being taken in by persons like (direct mail solicitor)."

It pained me to explain to this individual that the Government is the last place I would go to for advice on managing money. The most effective way the Government can be of help to people is by setting a better example for them.

We should also be doing a better job of letting people know that they do not need a middleman to communicate their concerns to those of us who have been elected to represent their interests in Washington. This is especially true of those who depend on Social Security as the only or primary source of income. These people are the ones who can least afford to be "ripped off", and any organization that uses scare tactics to extort money from them under the guise of representing their interests in Washington is guilty of the worst kind of economic exploitation.

I'm not sure what we can do to put a stop to this type of consumer abuse. But, there's one thing of which I am sure, and that is that we cannot stand by and do nothing while vultures continue to use the U.S. Postal Service as a vehicle for misleading and defrauding our Nation's seniors.

THE HONORABLE ROBERT T. MATSUI
TESTIMONY BEFORE
THE WAYS AND MEANS SUBCOMMITTEE ON SOCIAL SECURITY
MARCH 10, 1987

Mr. Chairman, thank you for calling this important hearing today to investigate and probe organizations that send misleading and deceptive mailings to our Social Security beneficiaries. I do not wish to impugn the integrity of many organizations who are engaged in dissemination of information whether is is in the field of retirement, health, medicare or social security. Many of these organizations serve a very worthwhile purpose and I applaud them for their efforts and interest.

However, I am disturbed and upset by any organization that engages in a national fundraising effort based on arousing fear in the public's mind about the solvency of our trust funds. It is irresponsible and inexcusable for an organization to use scare tactics to mobilize our seniors against a false threat.

I would like to focus my comments today on one organization that I believe uses the most intolerable of tactics, The National Committee to Preserve Social Security and Medicare (National Committee). Through factual errors, innuendos and pernicious scare tactics, this Committee to "preserve" Social Security is defrauding the elderly of money they cannot afford to spend. While many of this National Committee's activities verge on fantasy, their impact on senior citizens has been all too real.

In Sacramento, my senior constituents have been confused, frightened and misled by this National Committee and its false claims. Seniors who rely on their benefits to survive have been caused to panic because of misleading and incorrect information being sent to their homes. Social Security and Medicare are not on the verge of disaster and Mr. Roosevelt knows that. Yet, he continues to lead a mail fundraising campaign that distorts facts to extort funds.

There is simply no excuse for an organizations preying on society's most vulnerable citizens by claiming erroneously that their very lifeblood may soon be running out. Such a callous campaign breeds fear, mistrust and distress. We in Congress must not allow these tactics to continue. We must protect our senior citizens from this and other scare campaigns spawned by the growing direct mail industry.

I commend you Mr. Chairman for taking the first step. By holding this hearing we can find out about such groups as the National Committee and others like them and reveal what their goals are and what they plan to do to achieve them. I hope today's hearing will reveal these distortions. Groups such as the National Committee cannot be allowed to don a mantle of respectability simply because they claim to help senior citizens.

Since the National Committee's inception in 1982, Congress has monitored and attempted to dispel their claims and questionable tactics. Yet, new questions about this organization continually crop up with each new mail campaign they lead. I hope today's hearing will provide an appropriate forum in which to get some answers.

This is not the first time Mr. Roosevelt and his organization has been called before Congress to plead their case and establish the facts. In 1983 and again in 1984 we found it necessary to reprimand the National Committee in order to have them make the necessary changes to bring about some authenticity and factuality to their letter writing campaign. Now we find it necessary again to have them back before this Committee because of the alarming nature of this organization's mail campaign.

I'd like to quote from one of the National Committee's "Urgent-Action Grams" to illustrate their tactics. This particular "Urgent-Action Gram" concerned Secretary Baker's "midnight raid" on the Social Security Trust Funds:

"Baker took $27 billion out of Social Security Trust Funds....only $8 billion is left, enough to pay only 1/2 the benefits for December...and that $8 billion may already be spent by the time your receive this letter!"

"....the Committee must raise $250,000 immediately to support legislation and legal action to restore all the money taken from the Social Security trust fund monies; force the government to repay all lost interest to the trust funds; outlaw any further raids on the Social Security trust fund"

"...Y need your emergency contribution of $10 or $15 right now. Lawyers must be hired and lawsuits prepared. Our capital hill lobbying effort must be put in high gear....All of this costs money. But must be done to protect the benefits we have all earned and deserve."

We know these facts not to be true. Indeed, the Treasury Department did borrow from the Trust Fund, but that money has been paid back with interest! Furthermore, there is no mention in the "urgent action gram" that the money was borrowed not only to keep checks for "welfare and lavish defense contracts" from bouncing, but also to keep beneficiaries' social security checks going out in a timely manner. But has Roosevelt ever bothered to clear up these facts?

In fact, it has been this Committee and other concerned members of Congress, not the Roosevelt Committee, that have restored these funds and have set into action legislation that will prevent such a situation from happening in the future. And whatever happened to that $250,000 needed for an emergency lawsuit? That lawsuit was never filed. Representatives of the National Committee claim that they talked to an attorney but were told that they'd be "wasting their money"---but what did they do with our seniors' money raised under these false pretenses? Apparently, the National Committee isn't concerned that our beneficiaries' wasted their hard-earned money!

I am alarmed by the recent hiring of former Social Security commissioner Martha McSteen and other former staffers of credible senior organizations because I fear that it will lend this group legitimacy that they have no right to claim. Suddenly, erroneous facts and figures, innuendos and crisis situations will become even more urgent because "Commissioner McSteen" is suggesting that they are real.

Proponents of this organization claim that they have "cleaned up their act". If this organization has indeed "cleaned up its act" then why is it currently under investigation by the U.S. Postal Service for its recent mail campaign?

The National Committee's most recent fundraising letter claims to have enclosed a one dollar bill that Commissioner Roosevelt would like to have returned along with an additional contribution to his group. But many seniors that have received this letter claim that in fact no dollar bill was enclosed. Furthermore, some recipients think that maybe they lost the money and are replacing it with their own hard-earned dollars.

The most disturbing fact is that this letter claims that the group needs money to continue its fight to protect the Social Security Trust Funds from being raided by the Treasury Department. That's an outright lie! There already exists a mechanism that mandates that any money borrowed from the Trust Funds must be replaced, including lost interest. For this group to claim responsibility for restoring these funds is completely unethical.

Mr. Roosevelt, we are tired of slapping your hand. We beg of you and of organizations like yours, to stop frightening our seniors and extorting their limited money. Stop misleading and defrauding the senior citizens of our Nation. We will no longer allow the National Committee and others like them to prey on our seniors for their own financial gain.

ESTHER PETERSON
FORMER ASSISTANT TO THE THE PRESIDENT
FOR CONSUMER AFFAIRS

Mr. Chairman:

Thank you for inviting me to express my opinion on mail solicitations of the elderly. I appreciate being given this opportunity to submit testimony to the Ways and Means Subcommittee on Social Security. For the record, my name is Esther Peterson and I am submitting this statement as an individual, and not as a representative of any of the groups with which I am associated.

As a consumer advocate, I believe that high standards of conduct must be observed by all businesses and non-profit organizations engaged in the solicitation of funds from the public. Today's hearings focus on direct mail procedures used by certain senior organizations that are alleged to have violated such standards.

Fundraising activities directed toward seniors must go the extra mile in adhering to ethical standards. Solicitations must ensure that the elderly are properly informed, that they are told facts instead of fantasy, and that they are not preyed upon by unscrupulous and terrifying appeals. The most vulnerable members of our society--the nation's poor and elderly--are not plums ripe for the picking. What earthly riches they possess are the fruit of a lifetime of honest labor and no one has the right to rob them of their savings through fear and exploitation.

I am not alone in my concern about mail-order money mongers. The Council of Better Business Bureaus (BBB) publishes Standards of Ethical Practices for philanthropic organizations as a way of separating the wheat from the chaff. Simply put, those who follow the Council's Standards are reputable. To the degree that some depart from these Standards, to that same degree they can be labeled as unethical. The Council's Standards strongly recommend that non-profit organizations conform to a number of guidelines. I cannot discuss all of those Standards here today, but I have chosen three which I believe are particularly pertinent to the subject matter of your Hearing:

1. A reasonable percentage of total income from all sources shall be applied to programs and activities directly related to the purpose for which the organization exists.
2. Solicitations and informational materials distributed by any means shall be accurate, truthful and not misleading, both in whole and in part.
3. Soliciting organizations shall have an independent governing body.

These three provisions in the BBB guidelines on philanthropic fundraising are illustrative of critical elements in any legitimate direct mail solicitation. When one lays these guidelines side-by-side with the practices of James Roosevelt's "National Committee to Preserve Social Security and Medicare," questions inevitably arise in the comparison.

I first became aware of the direct mail fundraising tactics of the "Committee" when visiting an elderly friend in Vermont. She had received a letter from the Roosevelt group that thoroughly frightened her. It was a piece that proclaimed that her Social Security benefits were in jeopardy if she didn't send the "Committee" a check for $10.00. After reading the "Committee's" pitch, I made inquiries among other friends to see if they had also received the fundraising letter. To my dismay, they always responded in the affirmative, frequently adding a worried question, "Is it true? Will I lose my benefits if I don't send them some money?" Mr. Roosevelt had convinced them that Social Security was on the verge of collapse and that only his group had the wherewithal to forestall disaster.

As a human being such fundraising letters concerned me, but as a consumer advocate I found them particularly revolting. It is offensive enough to mislead upper and middle-class persons who can easily make a $10 contribution. But it is unconscionable to terrorize the frail elderly into giving what they can ill afford, to intimidate the helpless in the name of Franklin Delano Roosevelt, defiling the memory of that great champion of the aged and the poor.

This fear is generated by direct mail solicitations packaged in official government like envelopes that may say "Urgent, Important Social Security and Medicare Information Enclosed." The recipient then opens the envelope and finds a letter with the kind of misinformation my friend in Vermont received. To establish credibility, many of the letters repeatedly refer to "The Committee's" leadership by James Roosevelt, son of President Franklin Delano Roosevelt.

At the core of my philosophy on consumer rights are some very basic premises. They're not at all difficult to understand and I'd like to think their logic is self-evident. But I am too experienced to be naive in such matters. Logic and simplicity are not always as persuasive as the lure of a quick buck. Yet, in the long run, the quick-buck artists would do well to remember that what is good for the consumer is good for business. That's why I believe:

- Consumers have the right to be informed, to be told the facts in a straightforward manner, to have an honest presentation.
- Consumers have the right to be treated with respect and not be harrassed or coerced into purchasing a product or making a contribution.
- Consumers -- whether elderly, poor, disabled, or otherwise -- should not be victimized by doomsayers and purveyors of dispair. There should be no room for terror or fear in the normal commerce of the marketplace.

It seems to me that abuses in fundraising are more apt to occur when an organization is dominated by an elite group. Thus, I would argue that non-profit organizations should be governed by a Board of Directors that can be jointly held accountable for the actions taken in the name of the agency. Board members should not be permitted to profit from contributions received in solicitations, to prevent the taint of corruption from coloring the operational management of a charitable organization. And I would suggest that such boards would do well to include consumer representation among their membership.

Unfortunately, the National Committee to Preserve Social Security and Medicare does not have a Board of Directors that is either accountable or free from considerations of personal gain. From 1983 to 1985, "The Committee" had four directors, three of whom are known to have financially benefitted from the fundraising appeals of "The Committee." One was Mr. Roosevelt himself. As Chairman of the Board, he began receiving a $60,000 yearly salary in 1986 for his services to the Committee. In addition, it is reported that he apparently got $35,000 in 1982 and 1983, for consulting with the firm of Butcher-Ford, which just happens to be the agency handling "The Committee's" account. The second member of the Board is William Wewer, who has been associated with the Butcher-Ford agency since 1977. Blanche Kelly, the third member of the Committee, owns the firm that processes contributions for the Committee. It is my understanding that she is not currently serving on the Board of The Committee to Preserve Social Security and Medicare. It is not known if the fourth member of "The Committee," Kathleen Marquardt has received any monetary compensation for her services. However, "The Committee's"1984 audit report showed businesses associated with members of the Board received over $1.2 million in revenues from "The Committee" in 1984.

Before I go any further, let me assert my belief that "The Committee" has a perfect right to send out its mailings. I have no quarrel with fundraising. It is a proper and necessary activity for any organization seeking to communicate its views to a larger audience. But no group or individual has a right to misuse funds, to apply them to personal profit when they were contributed for other purposes, to coerce the vulnerable elderly into giving.

The Better Business Bureau says that a reasonable percentage of total income from all sources should be applied to programs and activities directly related to the purpose for which an organization exists and that fundraising and administrative costs should be reasonable. I agree with that. I am, however, prepared to concede that very small organizations may have to devote a higher percentage of resources to administration simply to maintain an office. But if a December CBS News report is accurate, and all indications are that it is accurate, the Committee to Preserve Social Security and Medicare devotes entirely too much of its income to administration and solicitation. CBS found that 80 percent of the $29 million raised by the Committee in 1985 was spent on fundraising. Corraborating that finding, a February 14, 1987 article enticled "Mailouts to the Elderly Raise Alarm," published in the National Journal, found that the Committee's political action committee (PAC) raised $6.2 million in 1985-1986. That was enough to rank it among the top 50 money raisers in the nation, but it was not enough to keep it from spending 86 percent of its income for overhead and fund-raising mailouts to prospective contributors. Only 13 percent of the money given for political purposes was distributed to Congressional candidates.

According to the National Journal article "the group responds that critics overstate the amount spent on fundraising because they wrongfully count issue oriented mailings to members as appeals for money." I know I cannot separate most Committee mailings I have seen into fund raising letters and educational letters. They all seem to be churned from the same mill and carry the same message: Give, give and give some more. That's why I have to take exception to the Committee and redirect its attention to the Philanthropic Guidelines postulated by the Better Business Bureau.

The Social Security system has need of strong advocates. It has faced some rough times and will likely face more in the years to come. And seniors, as beneficiaries of the system, have a definite state in supporting those who defend the program against its political adversaries. But the issue under examination today is not whether there should be a National Committee to Preserve Social Security and Medicare, but how such an organization should conduct itself in its contacts with the public. Properly structured and responsibly operated, the Committee can make a significant imprint on the social progress of our nation. It has the money. It has the following. I hope it has the will to discipline itself, to refrain from excesses.

I earnestly hope that this hearing will serve to prompt the Committee to take corrective action and turn its potential for good into reality. There are never too many allies for a just cause, nor so few battles that reinforcements are not welcome.

Charitable contributors are consumers of a special kind. They do not expect a personal reward for their donations -- but they do expect a product worth their investment. The social good is an elusive commodity and can rarely be purchased through comparative shopping. Only the wisest and more experienced among us examine charitable appeals very carefully. Most of us respond from our hearts, in the warm tradition of America's compassion for those in distress. That is why the deceptive or misleading mailing solicitation is wrong. It takes advantage of our trust.

If the National Committee to Preserve Social Security and Medicare would act with due regard for its contributors, if it would simply cease sending incendiary messages through the mails and concentrate on the work at hand, I believe it could serve a constructive purpose. There is so much to do that everyone's effort is needed. Together, we can make a difference. We can preserve the Social Security system and improve upon it. But if we are to truly advocate for those we seek to represent, we must do so with honesty, integrity, and accountability.

I will end my remarks by urging the Subcommittee on Social Security to continue asking hard questions of the National Committee to Preserve Social Security and Medicare with regard to their fundraising tactics. Your investigation is a good way to expose abuses and educate seniors to become more cautious consumers when making charitable contributions. It may also inspire those accused in the court of public opinion to "clean up their act." And, finally, it may highlight possible legislative remedies for the high-pressure practices which have no place among legitimate non-profit activities.

Statement of
Honorable Gerry E. Studds
before the Subcommittee on Social Security
March 10, 1987

First of all, I want to commend Chairman Jacobs for scheduling this hearing on misleading and deceptive mailings to Social Security and Medicare beneficiaries. This problem is not new, and it appears to be escalating.

I am submitting this statement at the specific request of my Senior Task Force, a panel established to advise me on public policy matters of particular importance to older Americans. The Task Force is comprised of senior citizens from across southeastern Massachusetts, as well as professionals in health care, housing, nutrition, transportation, employment, and insurance for the elderly. At the most recent Task Force meeting, the group unanimously expressed concern about the "National Committee to Preserve Social Security and Medicare" and its fund raising practices. The hearing today constitutes a long overdue forum for exploring the problem of deceptive and misleading mailings targeted at the most vulnerable among us, the elderly.

Literally thousands of older persons in the Tenth Congressional District have written to me over the past few years, responding dutifully to the direction of the "National Committee". Nationwide, the "Committee" has taken in nearly $70 million in the last two years alone. This committee has alarmed many senior citizens with reports that their Medicare benefits may soon be taxed or that their Social Security checks might bounce. In sounding such alarms, the group has apparently not been constrained by the facts, and has chosen instead to spread a great deal of unnecessary anxiety among a group of people many of whom are elderly, frail, and living on very modest, fixed incomes.

Unfortunately, those older Americans most dependent upon their Social Security benefits are most vulnerable to appeals from the "National Committee" and other similar organizations. For these people, who frequently labored all their lives at low paying jobs, every cent of their modest Social Security benefit must go to pay just for life's necessities. Most of them simply don't have an extra $10 to pay for membership in an organization that, as far as I have been able to determine, provides no useful service. Yet it is precisely their already strained pocketbooks that make them all the more likely to fall victim to the "National Committee's" tactics.

Misleading and deceptive mailings are designed to cheat innocent people, and they are plain wrong. Such mailings aimed specifically at older Americans are unconscionable. On behalf of the many thousands of senior citizens in Southeastern Massachusetts who are the targets of these schemes, and at the direction of my Senior Task Force, I urge the Subcommittee to explore carefully all possible means of discouraging this kind of shameful activity.

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Ways and Means
Subcommittee on Social Security

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FOR THE RECORD

Statement for Subcommittee on Social Security

March 10 Hearing on Misleading and Deceptive Mailings to Social Security Beneficiaries

by

Elizabeth Wickenden, Director

Study Group on Social Security
of the Field Foundation

This statement relates to my recent exchange with the National Committee to Preserve Social Security and Medicare in my capacity as Director of the Study Group on Social Security of the Field Foundation. It also includes a brief summary of my personal views of the negative impact of the National Committee's mailings to Social Security beneficiaries.

In this context I am attaching correspondence and other documents bearing on this exchange as follows:

Exhibit A. Marked copy of Study Group on Social Security December 10, 1986 Update #51 (See Addendum on Page 5). This contains references to the CBS broadcast and an offer to send it to any reader requesting it to which the National Committee objected.

Exhibit B. Letter of December 22, 1986 addressed to me from Ms. Landis Neal, Executive Director of National Committee to Preserve Social Security and Medicare objecting to my references to the CBS Newscast and suggesting the possibility of legal action if I carried out the offer.

Exhibit C. Letters addressed to CBS News from Ms. Landis Neal and William Wewer, General Counsel of National Committee to Preserve Social Security and Medicare on December 8 and December 19, 1986, enclosed with Ms. Neal's letter to me. Here again the possibility of legal action is implicit.

- more -

BOARD OF ADVISORS: HON. JUSTINE WISE POLIER, CHAIRMAN, MERTON C. BERNSTEIN, PROFESSOR, SCHOOL OF LAW WASHINGTON UNIVERSITY; WILBUR J. COHEN, PROFESSOR, LYNDON B. JOHNSON SCHOOL OF PUBLIC AFFAIRS, UNIVERSITY OF TEXAS, AND FORMER SECRETARY OF HEW; HON. JAMES C. CORMAN, FORMER MEMBER OF CONGRESS; JAMES R. DUMPSON, ASSISTANT DIRECTOR NEW YORK COMMUNITY TRUST, AND FORMER COMMISSIONER, NYC HUMAN RESOURCES ADMINISTRATION, MARIAN W. EDELMAN, DIRECTOR CHILDEN'S DEFENSE FUND; DR. RASHI FEIN, PROFESSOR OF THE ECONOMICS OF MEDICINE, HARVARD MEDICAL SCHOOL; ARTHUR S. FLEMMING, FORMER SECRETARY OF HEW; W. CARL HOLMAN, PRESIDENT, NATIONAL URBAN COALITION; PHILIP LEE, M.D., PROFESSOR OF SOCIAL MEDICINE, INSTITUTE FOR HEALTH POLICY STUDIES, UNIVERSITY OF CALIFORNIA SCHOOL OF MEDICINE; DR. S.M. MILLER, PROFESSOR OF SOCIOLOGY, BOSTON UNIVERSITY; CHARLES I. SCHOTTLAND, FORMER PRESIDENT OF BRANDEIS UNIVERSITY AND FORMER SOCIAL SECURITY COMMISSIONER; AND MILTON TERRIS, M.D., MPH, PRESIDENT, NATIONAL ASSOCIATION FOR PUBLIC HEALTH POLICY

Exhibit D. Acknowledgment by me on January 8, 1987 to Ms. Neal's letter of December 22.

It was my judgment at the time that, since CBS made this transcript of its December 8th Newscast available on request, my offer was not out of line. However on receiving Ms. Neal's letter and after consulting counsel I have neither reproduced or distributed it in any form.

PERSONAL VIEW OF WORK OF NATIONAL COMMITTEE TO PRESERVE SOCIAL SECURITY AND MEDICARE.

I have known the work of the National Committee to Preserve Social Security and Medicare since its inception by a direct mail advertising organization in California. It is my personal view that its strident and misleading methods of fundraising have been damaging both to the old people whose fears they exploit and to the Social Security program itself.

For many years, despite the large sums raised in this way, the Committee had virtually no impact on legislation affecting the Social Security program. Congressman Fortney Stark, member of the Ways and Means Committee, confirmed this opinion in a sharply critical statement which appeared in the Congressional Record. While James Roosevelt, as son of Franklin D. Roosevelt, is continuously played up as Chairman of the Committee in both its fund-raising and lobbying activities, actual control of the organization seems to reside entirely in the firm that organized it and the recently expanded staff. In the past election they expended substantial funds on PAC-like political contributions which, when combined with lobbying selective legislative changes, could well adversely affect public perceptions of the political role of the aging. There is no evidence of members or contributors having any organized voice in the selection of the issues lobbied.

One very complex and delicate issue to which they have recently devoted major attention is the so-called "notch problem". I attach herewith an explanation of this problem excerpted from a memorandum by Mr. Robert M. Ball entitled Social Security and the First Session of the One Hundredth Congress. (Exhibit E) Note especially his estimate that the corrective action favored by the National Committee to Preserve Social Security and Medicare would cost $300 billion dollars in the next fifteen years beyond the amount now estimated and financed under existing provisions. Proposals that would bankrupt the system would be the opposite of helpful to beneficiaries and answering endless correspondence on the subject has overburdened many Congressional offices. In general it has embarrassed advocates and beneficiaries by spreading unwarranted alarms.

Exhibit A

STUDY GROUP ON SOCIAL SECURITY
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LORI L. HANSEN, WASHINGTON ASSOCIATE
ELIZABETH DUSKIN, ECONOMIC CONSULTANT

December 10, 1986

UPDATE #51

MEDICARE FACES EARLY CHALLENGES IN 100TH CONGRESS

When the 100th Congress convenes on January 6, 1987, it will face very tough choices over how to reduce the budget deficit and meet the Gramm-Rudman-Hollings (G-R-H) deficit targets without doing severe harm to vital services. Medicare will encounter particularly difficult challenges as pressure grows for expanding Medicare coverage to include catastrophic insurance protection while, at the same time, Medicare is viewed as a good source of major cuts.

This UPDATE looks at the catastrophic insurance proposals recently put forward by the Secretary of Health and Human Services (HHS), describes the FY88 Medicare budget cuts likely to be proposed by President Reagan, and reviews the changes in the new Democrat-controlled Senate.

HHS CHIEF RECOMMENDS CATASTROPHIC HEALTH INSURANCE UNDER MEDICARE

Nine months after President Reagan ordered a study of the nation's catastrophic health insurance needs, Secretary of HHS, Dr. Otis Bowen, issued his plan for providing limited catastrophic protection. The Bowen proposals would primarily cover the elderly by providing them with optional catastrophic coverage under Medicare at a cost to them of $4.92 per month.

Several members of Congress who have long been active on this issue praised the Bowen recommendations. Senator Edward Kennedy (D-MA), who will become chairman of the Labor and Human Resources Committee, announced that he plans to introduce a bill incorporating the Bowen plan when Congress returns. Supporters of catastrophic coverage under Medicare view the plan as a very good starting point.

However, several conservative groups immediately criticized the plan on the grounds that it represents an expansion of government rather than a retraction. Insurance industry representatives also attacked it because the new benefits would be provided through Medicare rather than the private insurance industry.

Dr. Bowen faces tough sledding for his plan within the Administration. The Office of Management and Budget (OMB), Council of Economic Advisors, and the White House Domestic Policy Council are all opposed to it. Secretary Bowen will have to make a personal appeal to the President for the plan, and then the President will

BOARD OF ADVISORS: HON. JUSTINE WISE POLIER, CHAIRMAN; MERTON C. BERNSTEIN, PROFESSOR, SCHOOL OF LAW, WASHINGTON UNIVERSITY; WILBUR J. COHEN, PROFESSOR, LYNDON B. JOHNSON SCHOOL OF PUBLIC AFFAIRS, UNIVERSITY OF TEXAS, AND FORMER SECRETARY OF HEW; HON. JAMES C. CORMAN, FORMER MEMBER OF CONGRESS; JAMES R. DUMPSON, ASSISTANT DIRECTOR, NEW YORK COMMUNITY TRUST, AND FORMER COMMISSIONER, NYC HUMAN RESOURCES ADMINISTRATION; MARIAN W. EDELMAN, DIRECTOR, CHILDEN'S DEFENSE FUND; DR. RASHI FEIN, PROFESSOR OF THE ECONOMICS OF MEDICINE, HARVARD MEDICAL SCHOOL; ARTHUR S. FLEMMING, FORMER SECRETARY OF HEW; W. CARL HOLMAN, PRESIDENT, NATIONAL URBAN COALITION; PHILIP LEE, M.D., PROFESSOR OF SOCIAL MEDICINE, INSTITUTE FOR HEALTH POLICY STUDIES, UNIVERSITY OF CALIFORNIA SCHOOL OF MEDICINE; DR. S. M. MILLER, PROFESSOR OF SOCIOLOGY, BOSTON UNIVERSITY; CHARLES I. SCHOTTLAND, FORMER PRESIDENT OF BRANDEIS UNIVERSITY AND FORMER SOCIAL SECURITY COMMISSIONER, AND MILTON TERRIS, M.D., MPH, PRESIDENT, NATIONAL ASSOCIATION FOR PUBLIC HEALTH POLICY

decide whether he will include it in his budget or not.

Approximately 800,000 of the 30 million persons covered by Medicare face out-of-pocket expenses in excess of $2000 per year for hospital and doctor bills after Medicare pays its share. About 2.8 million people under 65 pay more than $5000 per year for medical expenses not covered by insurance.

There are also 30 million Americans without any health insurance protection and another 10 million who have insurance which does not provide catastrophic protection. In addition, 1.4 million persons require nursing home care at an average cost of $22,000 per year. Long term care is not covered by Medicare.

The major recommendations of the Bowen report follow:

Catastrophic Protection for the Elderly

- Restructure Medicare to provide catastrophic insurance coverage that would be financed by a beneficiary-paid premium. Part A and Part B out-of-pocket expenses for beneficiaries would be capped at $2000 per year (indexed each year). Catastrophic coverage would be provided for costs beyond this amount. Beneficiaries could purchase this coverage through an additional $4.92 per month Part B premium charge.

As an alternative the report suggests providing catastrophic protection through increased cost sharing either related to income or not related to income.

Long Term Care Alternatives

- Personal savings for long term medical care should be encourage by authorizing Individual Medical Accounts (IMA). Interest earned on the accounts would be tax free and there would be no penalty for withdrawl as long as it was used for nursing home care.

- The Federal government and the private sector should work together to educate the public about the long term care problem and the limitation of current Medicare and Medigap supplemental insurance coverage.

- The development of the private market in long term care insurance should be encouraged by (1) establishing a 50 percent refundable tax credit for premiums for persons over age 55 (up to a maximum of $1000); (2) providing the same favorable tax treatment to long term care insurance as life insurance now receives; and (3) removing barriers to prefunding long term care benefits provided by employers to retirees.

- The Federal government should set an example by possibly providing optional long term care insurance under its health program.

Catastrophic Protection for the General Population

- States should require all employers who provide health insurance to offer optional catastrophic coverage.

- States should be encouraged to establish catastrophic "risk" pools for persons whose medical condition makes it very difficult or expensive to get catastrophic coverage.

- The self-employed and unincorporated businesses should be allowed to take tax deductions for health insurance as long as it includes catastrophic coverage.

OMB PROPOSES $90 BILLION IN MEDICARE/MEDICAID CUTS

The Office of Management and Budget (OMB) has recommended that the President include $90 billion (over 5 years) in Medicare and Medicaid cuts in his FY 88 budget. The savings would be achieved by eliminating some benefits, increasing beneficiary cost-sharing, cutting payments to hospitals and doctors, and collecting new taxes. Unless Secretary Bowen appeals the cuts and the President agrees, the reductions will be in the FY 88 budget package the President sends to Congress early next year.

President Reagan has tentatively approved an administration budget plan which calls for $1.02 trillion in total spending and approximately $50 billion in budget cuts to meet the G-R-H deficit target of $108 billion. If the President approves the OMB Medicare/Medicaid cuts, the amount to be cut would be $8.5 billion in FY88. The $90 billion to be cut over 5 years would include $68.8 billion in Medicare and $21.6 billion in Medicaid cuts.

Following is a summary of the OMB proposed cuts. Several of the cuts have been proposed before by the President and the Congress rejected them.

Medicare

- New beneficiaries would have their Part B premiums increased from 25 percent of program costs to 35 percent on January 1, 1988, an increase of almost 40 percent.

- Medicare benefits would not be paid until the month after the month in which a beneficiary turns 65.

- The Part B $75 deductible would be indexed each year for inflation.

- Several recent Medicare expansions would be repealed, including payments for vision care, occupational therapy, kidney treatments, and physicians assistants.

- The basic payment rate for hospital care would be lowered.

- Doctors services for hospitalized Medicare patients would be brought under the prospective payment system. A single fixed payment would be set for the total hospital/doctor services and they would determine how it was to be shared.

- Medicare payments for hospital capital costs would be incorporated into the prospective payment system.

- The indirect subsidy to hospitals for medical education would be reduced over three years for 8.1 percent to 4.05 percent. The direct subsidy would also be reduced.

- Three million state and local government workers who do not currently contribute to Medicare would be brought under the system.

Medicaid

- A cap would be placed on the federal share of Medicaid payments to the state. In FY88, the cap would be $1 billion below federal payments under existing law. By 1993, the cap would save $16 billion in Medicaid outlays.

SIGNIFICANT CHANGES IN SENATE COMMITTEES

The 55-45 majority given to the Senate Democrats by the voters on election day brings with it significant changes in the committees responsible for determining budget, Social Security, and Medicare/Medicaid policies. Committee assignements have yet to be ratified by the Republican and Democratic caucuses, but the assignments made by the respective steering committees are unlikely to change.

Three Democratic Senators have gained seats on the much sought after Finance Committee. Senator Donald Riegle (MI) will take over retiring Senator Russell Long's (LA) seat, and Senators Jay Rockefeller (WV) and Tom Daschle (SD) will take over new seats. Senator Lloyd Bentsen (TX) will become Finance Chairman. Republican Senators Charles Grassley (IA) and Steve Symms (ID) lost their old seats on the committee due to the return of their party to minority status.

The Finance Committee membership in the 100th Congress wil be:

Democrats
Lloyd Bentsen (TX)
Spark Matsunaga (HA)
Daniel Moynihan (NY)
Max Baucus (MT)
David Boren (OK)
Bill Bradley (NJ)
George Mitchell (ME)
David Pryor (AR)
Don Riegle (MI)
Jay Rockefeller (WV)
Tom Daschle (SD)

Republicans
Robert Packwood (OR)
Robert Dole (KS)
William Roth (DE)
John Danforth (MO)
John Chaffee (RI)
John Heinz (PA)
Malcom Wallop (WY)
David Durenberger. (MN)
William Armstrong (CO)

The Budget Committee will have a "new look" to it as several members left the committee and freshman Senators were added to replace the departing Senators. Senator Lawton Chiles (FL) will again take over as committee chairman. The membership of the Budget Committee will be:

Democrats
Lawton Chiles (FL)
Ernest Hollings (SC)
J. Bennett Johnston (LA)
Jim Sasser (TN)
Donald Riegle (MI)
J. James Exon (NE)
Albert Gore (TN)
Paul Simon (IL)
Terry Sanford (NC)
Timothy Wirth (CO)
[illegible]
[illegible]

Republicans
Pete Domenici (NM)
William Armstrong (CO)
Nancy Kassebaum (KS)
Rudy Boschwitz (MN)
Orrin Hatch (UT)
Steve Symms (ID)
Charles Grassley (IA)
Bob Kasten (WI)
Dan Quayle (IN)
John Danforth (MO)

CONGRESSIONAL SCHEDULE

In order to comply with the G-R-H law, President Reagan will send his budget, in summary form, to the Congress on January 5th. The 100th Congress will convene on January 6th. The President's state of the Union address will take place in late January and his final budget plan will be sent to the Congress in early February.

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Lori L. Hansen

ADDENDUM

Committee to Preserve Social Security and Medicare

On December 8th CBS Evening News devoted a segment of its broadcast to the direct-mail money raising campaign of the National Committee to Preserve Social Security and Medicare for which James Roosevelt, son of the former President, serves as Chairman. Among other things it was reported that this group raised $29 million dollars in 1985, 80% of which was spent for further fund-raising, and that this year they are expected to raise $40 million. I will be glad to send a copy of the transcript of this broadcast on request.

Elizabeth Wickenden

Exhibit B

**NATIONAL COMMITTEE TO PRESERVE
SOCIAL SECURITY AND MEDICARE**

1300 19th Street, N.W., Suite 501, Washington, D.C. 20036 (202) 822-9459

December 22, 1986

Ms. Elizabeth Wickenden
Director
Study Group on Social Security
544 East 86th Street
New York, N.Y. 10026

Dear Ms. Wickenden:

I noted with interest the addendum to your December 10, 1986, publication entitled, "Update #51."

Since you appear eager to disseminate the CBS report, I think it is only fair to tell you that report was filled with inaccuracies and bias.

I share with you copies of letters our general counsel and I have sent to the producer of that particular segment of the CBS Evening News.

We request that you do not re-publish or disseminate the CBS transcript. If you choose to do so, please be advised that we reserve the right to hold you responsible for any re-publication of the CBS transcript.

Sincerely,

Landis Neal

Landis Neal
Executive Director

LN/beh
Enclosures (2)
cc: Stephen L. Urbanczyk, Williams and
Connolly

Exhibit C

NATIONAL COMMITTEE TO PRESERVE
SOCIAL SECURITY AND MEDICARE

1300 19th Street, N.W., Suite 501, Washington, D.C. 20036 (202) 822-9459

December 8, 1986

Mr. Lance Heflin
CBS News
First Floor
513 West 57th Street
New York, New York 10019

Dear Mr. Heflin:

We are Executive Director and General Counsel to the National Committee to Preserve Social Security and Medicare (the "National Committee"), and are writing you in connection with the story you have produced about our organization. We and our counsel Stephen Urbanczyk of the law firm of Williams & Connolly have been calling you unsuccessfully to discuss the substantial concerns we have about the story. Because CBS News has aired announcements that the story will run this evening on the Evening News, we are expressing our concerns in this letter, and request that you delay the story until CBS's prior commitments are kept.

On a number of occasions during the past several weeks you and Mr. Robert Fow have represented to us that CBS would not run a story about the National Committee without first interviewing members of Congress friendly to Social Security and our organization, as well as senior staff members of the National Committee. Most recently you and Mr. Fow made that commitment to the Chairman of our organization, Mr. James Roosevelt, when they interviewed him in California. It was in reliance on these representations and because of them that we have cooperated fully with CBS in connection with this story, including our agreement to make Mr. Roosevelt available for an interview. As you may also know, one of us was scheduled for an interview last week, but that interview was "postponed" by your office. We understand that CBS has made no effort to contact the members of Congress that were discussed with our press secretary and know that other than a brief introductory meeting with our press secretary CBS has not interviewed a single staff person of our organization for this story.

We are extremely distressed and concerned, therefore, to learn that CBS is breaking its word to us by running the story at this time. Additionally, the previews which ran Sunday evening on CBS suggests that you have prepared this piece with a preconceived, uninformed and incorrect slant that our organization is engaged in improper activities. Such a presentation is untrue and unfair. We recognize your right and responsibility and your broad editorial freedom to report this story. But by making such a presentation without taking into account both sides of the story, as you committed to do, you would breach your commitment to the Committee, you would disserve the public interest in balanced news, and you would unjustifiably injure our organization.

By way of this letter we therefore formally request that you withhold broadcasting any piece about the National Committee until you have honored your commitment to interview both sides of the story.

Any characterization of the National Committee as not being engaged in substantial legislative advocacy on behalf of America's senior citizens is false. For example, the National Committee was the only seniors' organization to draft legislation which would prohibit the Secretary of the Treasury from removing money from the Social Security Trust Funds and using it to finance other government operations. Our group was the only one to reveal that similar legislation passed by the House would have the reverse effect of holding hostage Social Security benefits during a debt ceiling crisis, and worked with the Senate to correct this error.

Even as we write this letter, our senior lobbying staff is meeting with representatives of local organizations from around the country to deal with the so-called "notch baby" Social Security benefits problem. Though this quirk of the Social Security law has adversely affected nearly 10 million senior citizens, the National Committee is the only one of the major seniors' organizations which has advocated legislation to correct the problem. Others in our office today are meeting to respond to the Administration's proposal, reported in yesterday's papers, to slash the Medicare program by $90 billion.

During the last four years, the National Committee consistently has spent about 70 percent of its revenues on legislative advocacy and education. We are not aware that any other seniors' organization spends such a large proportion of its budget on program activities. We are aware, in fact, that the audited financial statements of the American Association of Retired Persons ("AARP") and National Council of Senior Citizens ("NCSC") reveal that both of these organizations spend less than four percent of their budgets on legislative advocacy.

In 1985, according to reports by the Secretary of the Senate and the Clerk of the House, the National Committee was the third largest legislative advocate in the United States. This year we estimate that our political action committee will easily be among the top five PACs for the 1986 elections. Reputable members of Congress on both sides of the aisle have told us that they receive more grass-roots legislative correspondence from members of our committee than from all other seniors' organizations combined; they add, moreover, that our members are better informed than those of any other organization who write to them.

Our press secretary has provided you other examples of how the National Committee has responsively spent its members' contributions to organize an effective and powerful legislative advocacy group in less than four years' time. No other seniors' group can honestly represent that it involves its members more in grass-roots legislative advocacy or better spends its members' contributions in connection with Washington representation. We know from direct sources that the NCSC has been conducting a "whispering campaign" to the CBS network and affiliates about the National Committee. We are concerned that CBS is being used as a tool by NCSC in that organization's efforts to deter the National Committee's growth.

The National Committee and its senior staff stand ready today, as they have at any time in the past, to meet with you and to provide you balanced information for your story. The very make-up of our staff reflects the high esteem by which the National Committee is held. For example, our director of legislation was for 17 years the former legislative counsel of

AARP. Our director of grass-roots activities is the former staff director of the House Select Committee on Aging's Subcommittee on Retirement Income. Our director of political action is the former executive director of Save Our Security, a coalition of over 200 aging organizations. Our assistant press secretary is the former press secretary of the NCSC. None of these individuals would associate themselves with us if they had not independently determined that the National Committee is a reputable organization, that it is doing great good for senior Americans, and that it has the greatest potential of any seniors' organization to both educate and politically motivate older Americans.

In view of the substantial harm that will be caused to the National Committee if an unbalanced story runs tonight, we would appreciate your immediate attention to this matter, and your agreement this afternoon to delay this story until after you have honored your commitment to us to interview legislative supporters of our organization and our senior staff.

Very truly yours,

Landis Neal
Executive Director

William Wewer
General Counsel

cc: Susan Zirinsky, CBS
Stephen L. Urbanczyk, Williams & Connolly

NATIONAL COMMITTEE TO PRESERVE
SOCIAL SECURITY AND MEDICARE
1300 19th Street, N.W., Suite 501, Washington, D.C. 20036 (202) 822-9459

EXHIBIT C

December 19, 1986

Mr. Lance Heflin
CBS News
First Floor
513 West 57th Street
New York, New York 10019

Dear Mr. Heflin:

We and our counsel have reviewed the story you produced concerning the National Committee to Preserve Social Security and Medicare (the "National Committee"), which aired on the CBS Evening News on December 8, 1986. As the Executive Director and General Counsel of the National Committee, we write concerning this piece to take strong exception to your breach of a commitment to the National Committee regarding the interviewing of certain individuals prior to running the story, to point out and strenuously object to several false and inaccurate statements contained in the piece, and to protest and condemn the unfair bias reflected in CBS's reporting of this story. We request a meeting with you and other appropriate CBS representatives to discuss this matter.

As you well know, you and Bob Faw were given the opportunity to interview the chairman of the National Committee, Mr. James Roosevelt, on the express and explicit understanding that you would also interview designated members of Congress having material information that was favorable to the Committee. This need for balance was expressed to you on several occasions before you arranged the interview of Mr. Roosevelt, and it was again discussed by Mr. Roosevelt at the beginning of your interview with him. At that time, our recording of the interview indicates, you and Mr. Faw agreed, saying: "I think that is a fair request . . .. I think we should."

The National Committee conditioned the interview of Mr. Roosevelt, not in an effort to suppress legitimate news coverage of the organization, but because all prior stories about the Committee by CBS affiliates and the CBS Morning News were unfairly and prejudicially slanted, and because direct evidence in the possession of the Committee shows that another seniors' organization, the National Council of Senior Citizens ("NCSC"), has targeted CBS in an effort to generate unfavorable coverage of the National Committee in order to deter the National Committee's growth. Under these circumstances, and for other reasons, the National Committee, although willing to cooperate with legitimate news coverage, was concerned and interested in assuring that CBS's coverage of the Committee this time was legitimate, accurate, and balanced.

Nevertheless, despite what we rightfully regard as a commitment by you and CBS to interview certain individuals as a condition to interviewing Mr. Roosevelt, you produced and CBS aired this story without contacting the members of Congress who were discussed. And, except for a brief meeting with our press secretary, you compiled your report without interviewing a single staff person of our organization, despite your announced intention to do so. CBS's conduct in this regard appears to us to be either arrogant or petty, or both.

What is worse, the failure to investigate the favorable aspects of the National Committee's efforts, together with the patently prejudicial slant with which the story was approached, resulted in several inaccuracies in the piece. For example, CBS stated that "tax records show 80 percent of [the National Committee's] money is plowed back into mailings to raise more money . . .." Mr. Faw has our tax records for 1983, 1984, and 1985 and these records do not reflect an 80 percent figure. Fundraising costs for 1985 were 15 percent; for 1984, they were 10 percent; and for 1983, 24 percent. By far the greatest percentage of the National Committee's funds, averaging close to 70 percent, is spent on legislative advocacy and education. As we have pointed out, our effort in this regard distinguishes the National Committee and makes it one of the largest and most effective legislative advocacy groups in the United States.

In this context, it is confusing to refer to the National Committee's effort as a "year-round direct mail blitz," because it fails to distinguish between direct mail and fundraising. Direct mail is a proven effective means of communication and is the National Committee's method of choice for informing and motivating its members about substantive matters. Nearly half of the communications with members of the National Committee contain no request for contributions of any kind. Some of the substantive informative mailings to members do contain solicitations, usually in connection with the issue being discussed. This is certainly a legitimate practice and is presumably no different from the commercials that punctuate television shows, such as the CBS Evening News.

The specific mailing referred to in your story concerning the borrowing of Social Security funds by the government is an example of this. The financial figures contained in the letter were provided by the Congressional Budget Office. The mailing was accurate and involved not only an important matter of principle but a real threat to seniors that was being hushed by many members of Washington's political community.

Another example of inaccuracy, equally serious, concerns the quotation of Congressman Wise saying, "I never saw one lobbyist from this organization." In addition to the tens of thousands of letters, telephone calls and petitions that Rep. Wise has received from National Committee members -- our premier lobbyists -- over the past several years, Mr. Wise or key staff members of his office have been visited by Mr. Roosevelt, Jim Corman, Chuck Campisi, Allen Johnston and the two of us -- all on behalf of the National Committee. Two of these meetings took place in the last several months. We have a recent letter from Rep. Wise, written prior to the CBS story, that confirms one of our visits with him. After the broadcast on Monday evening, one of us had the opportunity to talk personally with Rep. Wise. Congressman Wise indicated that he had been cut-off in mid-sentence in the CBS story, and that he had actually said something to the effect: "I never saw one lobbyist from this organization, until I started to complain." If CBS did cut off

Mr. Wise's statement in mid-sentence, it would be both seriously misleading and strong evidence of a calculated disregard by CBS of the truth about this story.

There are other factual problems in the piece. No one in the National Committee confirmed for CBS projected revenue for 1986 and thus there is no basis for the report that this year's revenues are "expected to hit 40 [million]." In point of fact, they will not. And it is inaccurate to say that the National Committee's mailings this year will "total 100 million pieces"; in fact, the Committee's mailings will be far below that figure.

At the beginning of the interview with Mr. Roosevelt, either you or Mr. Faw made a joking reference (later jokingly retracted) that one of you had "an axe to grind" with the National Committee. But as we feared, this was no joke. The CBS story was not balanced, was not fair, was not accurate, and reflects the fact that there was a preconceived "axe to grind" with the Committee. The opening editorial comment by Dan Rather, the highlighting of well-known detractors of the National Committee, the failure, except for the briefest reference, to feature the other side of the story, and the inaccuracies in the piece (some of which are discussed above) all indicate, not the balanced news reporting which would be expected of an institution like CBS, but rather a disregard for balance and a hostility to the National Committee which is unfair and unjustified.

The unbalanced and unfair slant in your piece is perhaps most egregiously reflected in your statements regarding Mr. Roosevelt's asserted business association with "fugitive financier Robert Vesco and other convicted swindlers," and his asserted desire "to turn his mother's historical home into condominiums." The statement with respect to his mother's home is false. Mr. Roosevelt's brother John at one time expressed interest in selling his mother's home, but James Roosevelt had no involvement in the matter. (The home was later given to the federal government for historic preservation.)

With respect to Mr. Vesco, it is unfair to characterize him as a "business associate." Mr. Vesco purchased a company with which Mr. Roosevelt was associated at the time as an employee and member of the board of directors. Mr. Roosevelt voted against the acceptance of Mr. Vesco's purchase offer; immediately after Mr. Vesco took over, Mr. Roosevelt tendered his resignation and it was shortly thereafter accepted.

Our letter to you dated December 8, 1986, sets forth a number of facts about the National Committee that you would have learned had you interviewed both sides of the story. By producing and airing the story without taking into account both sides, as you committed to do, you have breached your commitment to the Committee, you have disserved the public interest in balanced news, and you have unjustifiably injured our organization.

We look forward to discussing this with you at your earliest convenience.

Very truly yours,

Landis Neal

Landis Neal
Executive Director

William Wewer
General Counsel

cc: James Roosevelt, National Committee to Preserve Social Security and Medicare
Stephen L. Urbanczyk, Williams & Connolly
Dan Rather, CBS
Thomas Bettag, CBS
Susan Zirinsky, CBS
Robert Faw, CBS

STUDY GROUP ON SOCIAL SECURITY
844 EAST 86TH STREET NEW YORK, NY 10028
(212) 737-8260

ELIZABETH WICKENDEN, DIRECTOR
BERNICE L. BERNSTEIN, COUNSEL
JEAN T.D. BANDLER, D.S.W. RESEARCH ASSOCIATE

ROBERT M. BALL, SENIOR CONSULTANT
LORI L. HANSEN, WASHINGTON ASSOCIATE
ELIZABETH DUSKIN, ECONOMIC CONSULTANT

Exhibit D

January 8, 1987

Ms. Landis Neal
National Committee to Preserve
  Social Security and Medicare
1300 19th Street, N.W.
Washington, D.C. 20036

Dear Ms. Neal,

On my return from a two week absence in Europe I received your letter of December 22nd which I have subsequently referred to counsel.

Sincerely,

Elizabeth Wickenden
Director

BOARD OF ADVISORS: HON. JUSTINE WISE POLIER, CHAIRMAN; MERTON C. BERNSTEIN, PROFESSOR, SCHOOL OF LAW, WASHINGTON UNIVERSITY; WILBUR J. COHEN, PROFESSOR, LYNDON B. JOHNSON SCHOOL OF PUBLIC AFFAIRS, UNIVERSITY OF TEXAS, AND FORMER SECRETARY OF HEW; HON. JAMES C. CORMAN, FORMER MEMBER OF CONGRESS; JAMES R. DUMPSON, ASSISTANT DIRECTOR, NEW YORK COMMUNITY TRUST, AND FORMER COMMISSIONER, NYC HUMAN RESOURCES ADMINISTRATION; MARIAN W. EDELMAN, DIRECTOR CHILDREN'S DEFENSE FUND; DR. RASHI FEIN, PROFESSOR OF THE ECONOMICS OF MEDICINE, HARVARD MEDICAL SCHOOL; ARTHUR S. FLEMMING, FORMER SECRETARY OF HEW; W. CARL HOLMAN, PRESIDENT, NATIONAL URBAN COALITION; PHILIP LEE, M.D., PROFESSOR OF SOCIAL MEDICINE, INSTITUTE FOR HEALTH POLICY STUDIES, UNIVERSITY OF CALIFORNIA SCHOOL OF MEDICINE; DR. S.M. MILLER, PROFESSOR OF SOCIOLOGY, BOSTON UNIVERSITY; CHARLES I. SCHOTTLAND, FORMER PRESIDENT OF BRANDEIS UNIVERSITY AND FORMER SOCIAL SECURITY COMMISSIONER; AND MILTON TERRIS, M.D., MPH, PRESIDENT, NATIONAL ASSOCIATION FOR PUBLIC HEALTH POLICY

Exhibit E

EXCERPT FROM MEMORANDUM FROM ROBERT M. BALL ON SOCIAL SECURITY AND THE FIRST SESSION OF THE ONE HUNDRETH CONGRESS

The "Notch" Problem

The year 1987 will be the first since 1980 that Social Security will not be threatened with benefit cuts and COLA freezes. Senator Chiles as Chairman of the Senate Budget Committee has declared Social Security "off the table", and both Republicans and Democrats in the House have shown little interest in Social Security cuts in the last several years. The threat in 1987 is not to present benefit levels but to the financial security of the program through either holding down needed contribution rate increases, as discussed above, or by raising benefits.

The biggest push to raise benefits comes from the "notch babies" who believe that they were disadvantaged by the 1977 Amendments. As a result of urging--first, by "Dear Abbey" and later by the James Roosevelt group, the Committee to Preserve Social Security and Medicare--they have deluged Congress with thousands of letters asking that their benefits be raised. At first glance, their case is appealing. In retrospect, it is clear that a mistake was made in the 1977 Amendments in not preventing over-generous treatment of some of those who became 62 just before 1977 and who continued to work after 62. Many of those born somewhat later and subject to the new method of benefit computation found that if they worked after age 62, they got lower benefits than those somewhat older and with the same earnings. The difference in monthly benefits between the "notch babies," and those somewhat older who retired at age 65 in 1982 after earning the maximum covered under Social Security is $132. Those who get the smaller amounts understandably feel aggrieved.

The problem, however, is not that the younger group is getting less than is fair (they are being treated the same as all those who come after, plus, in some instances, having the advantage of a transitional guarantee), but that some of those who are older and work past 62 are getting more than was intended. To raise benefits for those born later and give them the same accidental increases some of those born earlier receive would cost about $300 billion over the next 15 years, $80 billion in the next five years alone. The alternative of reducing the unplanned-for high benefit rates of those somewhat older might seem equitable, but would frequently reduce the benefits of people who had been receiving them for a long time and have come to count on them. In practical terms, a large new group of dissatisfied beneficiaries would be added, without helping those now complaining.

The dilemma is a real one; there is no good solution. Given the fact that the notch is created because some are getting too much, not others getting too little, and that to raise benefits is so expensive, the best answer seems to be to put a higher value on financial stability for the program rather than higher benefits for the "notch babies". This is the position being taken by the large organizations representing older people. The pressure continues largely because the Roosevelt group continues to make the "notch" a central part of their money raising campaign.

Fairness could be improved for a small proportion of those complaining--those working past 65. The law could be changed so that earnings after 1986 (or 1987 if the legislation were passed in 1988) could not be used to increase benefits computed under the old method. In addition, benefit increases as a result of earnings after age 65 could be raised for those whose benefits are computed under the new method. At present, benefits are increased by 3 percent a year for each year between ages 65 and 70 during which a worker earns enough so that his benefits are withheld under the so-called retirement or earnings test. Under present law, this 3 percent increase is scheduled to rise gradually, starting in 1990, until it reaches 8 percent (approximately the actuarial equivalent of postponing the receipt of benefits) in the year 2009. The full 8 percent could be granted for all earnings after, say, 1986 or 1987 or, at least, the schedule of increases could be greatly speeded up.